Weekend FT

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EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

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WORLD NEWS

Iraqi court jails Briton for spying

An Iraqi court jailed British engineer Douglas Brand for life for alleged spying. British officials said they believed the sentence implied 20 years' imprisonment.

The incident – a sign of President Saddam Hussein's growing international self confidence – drew a sharp rebuke from Britain. Foreign Office minister Douglas Hogg promised the UK would fight to maintain sanctions against Iraq for as long as Mr Brand was imprisoned. Page 22

Yugoslav talks collapse

A meeting of Yugoslavia's state leaders ended in disarray when three of its eight members stormed out because Serbia blocked the election of Croatia's Stipe Mesic as president. Mr Mesic, who would normally have become head of state by rotation, said he considered himself president anyway. Page 2

Bomb kills policeman

A part-time Ulster policeman was killed when a booby trap bomb exploded under his car in Co Fermanagh. He was the 28th person killed by terrorists in Northern Ireland this year.

US bases to shut

The US Defence Department announced it was closing two UK airbases – RAF Bentwaters and RAF Woodbridge in Suffolk. Page 4

Trouble on the Channel line

The controversial high-speed line planned between London and the Channel tunnel started off as an ambitious scheme for an international railway. But the signs are that the only way the £3.5bn line will ever be built is as a high-speed track for commuter trains with the occasional international express running in between. Page 7

Schwarzkopf knighted

General Norman Schwarzkopf will receive an honorary knighthood from the Queen in the US on Monday for commanding the allied forces in the Gulf war. Saudi field commander Lt-Gen Prince Khaled Bin Sultan was given a similar award.

Ready to fly

Helen Sharman, 27, was set to become Britain's first astronaut after passing her final medical checks. The Soyuz TM12 spacecraft is due to blast off from Baikonur in Soviet central Asia today.

Aids action group

The government set up an Aids action group as the first programme of anonymous testing showed that as many as one pregnant woman in 200 was HIV positive.

Polish abortion row

Poland's parliament blocked a controversial anti-abortion bill backed by the Roman Catholic church. Instead, deputies urged the government to tighten the country's liberal abortion rules.

Romanian royalist rally

About 15,000 Romanian opposition supporters in Bucharest called on the government to resign and urged the return of ex-king Michael.

Festival's new chief

Brian McMaster, managing director of Welsh National Opera, was named new director of the Edinburgh International Festival. He will succeed Frank Dunlop.

BUSINESS SUMMARY

Recession cuts US trade deficit

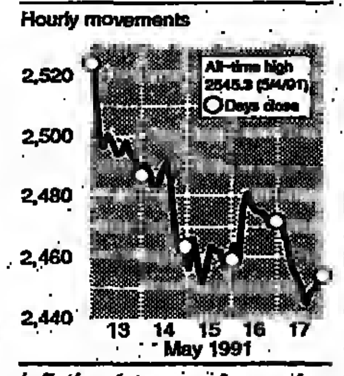
The US trade deficit narrowed in March to its lowest monthly level in almost eight years, reflecting the impact of the recession, according to the Commerce Department.

Slackening consumer demand cut imports by $1.1bn, while exports rose $0.4bn, creating a deficit of $4bn (£2.3bn), some $1.5bn lower than analysts expected. Page 2

London shares: An exciting but ultimately disappointing week ended with a further setback when hopes that a base rate cut would follow the latest inflation data proved groundless.

FT-SE 100

Hourly movements



The FT-SE index has fallen by more than 70 points this week in spite of the strong rise in ICI shares following Hanson's purchase of a 2.82 per cent stake. Page 13; Lex, Page 22

SWEDISH krona is to be linked with immediate effect to the European currency unit at SKr7.40054 per Ecu. Sweden has already announced its intention to send in an application to join the EC. Page 2

FERRANTI, UK electronics group, admitted that it may be forced to abandon its £25m investment in telepoint mobile telephones because of tough competition. Page 4

BOND Corporation Holdings, owned by Australian tycoon Alan Bond, had its £150m damages claim against the four main shareholders in the now merged UK satellite television company British Satellite Broadcasting struck out by the High Court. Page 3

JAPAN'S money supply grew by 3.7 per cent between April 1990 and last month, the slowest rate on record. Page 2

MOTOR insurers say UK government proposals to enable road accident victims to claim compensation without having to prove fault would lead to a substantial increase in premiums. Page 4

TNT, Australian-based international transport group, blamed spiralling operating losses and heavy write-downs of investments for a net loss of A$89m (£39.8m) for the nine months ending March. Page 10

BARCLAYS Bank is to sell the third-party motor loans business of its Mercantile Credit consumer loan business to GE Capital, part of General Electric of the US. The UK bank will concentrate Mercantile Credit's remaining business in Manchester, with the loss of 470 jobs. Page 3

UK tour operators are offering 3m fewer package holidays involving air travel over the next 12 months compared with the same period last year, the Civil Aviation Authority said.

UNILEVER, Anglo-Dutch consumer products group, overcame a sharp fall in the contribution from North America to produce first-quarter pre-tax profits 1 per cent up at £372m. Page 8, Lex, Page 22

MARKETS

STERLING	DOLLAR	STOCK INDICES
New York lunchtime:	*New York lunchtime:*	*FT-SE 100:*
$1.7125	DM1.736	2,453.9 (−18.0)
London:	FFr5.883	FT Ordinary:
$1.7165 (1.745)	SFr1.4675	1,926.2 (−12.6)
DM2.98 (2.96)	Y138.4	FT-A All-Share:
FFr10.075 (10.0475)	London:	1,188.02 (−0.7%)
SFr2.5175 (2.5125)	DM1.736 (1.697)	*New York lunchtime:*
Y237.0 (240.0)	FFr5.87 (5.7575)	DJ Ind. Av.
£ index 91.8 (92.20)	SFr1.467 (1.4405)	2,886.40 (−7.61)
GOLD	Y138.45 (137.55)	S&P Comp
New York: Comex Jun	$ index 66.3 (65.3)	371.60 (−0.59)
$356.0 (357.1)	Tokyo close: Y137.72	Tokyo: Nikkei
London:	US LUNCHTIME RATES	25,701.94 (+181.67)
$355.35 (356.0)	Fed Funds 5¾%	LONDON MONEY
N SEA OIL (Argus)	3-mo Treasury Bills:	*3-month interbank:*
Brent jul	yield: 5.554%	closing 11⅝% (11 1/32)
$19.575 (19.375)	Long Bond:	Liffe long gilt future:
Chief price changes yesterday: *Page 22*	97⅞	*90 12/32 (90 12/32)*
	yield: 8.31%	

Tories spark row by saying opposition stole victory in Monmouth

Major accuses Labour of lying over health care

By **Philip Stephens**, Political Editor

MR JOHN MAJOR yesterday accused the Labour party of deliberate "lying" over the health service as the Conservative defeat in the Monmouth by-election sparked a ferocious political row.

Foreshadowing what now promises to be the most bitter general election battle since 1979, the prime minister and his colleagues accused the opposition of stealing victory in Monmouth by lying about the health reforms.

Reacting with a fierceness which surprised many Conservative MPs and succeeded in overshadowing the Labour victory, Mr Major said that its campaign had been based on "a carefully prepared, carefully scripted lie".

He added: "The lie that they used was that hospitals were going to opt out of the NHS." Instead, the prime minister insisted, the hospital trusts being established as part of the NHS reforms were opting out of bureaucracy not out of state health care.

The attack on Labour, echoed throughout the day by members of the Cabinet, coincided with a chorus of hints that the loss of what was once the Conservatives's second safest seat in Wales could delay the general election until 1992.

Mr Norman Lamont, the chancellor, said that the sharp fall in inflation last month foreshadowed a sustained economic upturn in the second half of this year. He did little, however, to dispel the impression that he believes the recovery may not come fast enough to revive the government's fortunes before next year.

Mr Major has made it clear in recent days that he now has his sights set on an autumn general election, although he would be ready to delay until next year if the economy had not improved enough by October to offer the prospect of victory.

He has rejected suggestions from some members of the Cabinet, however, that he should seek to draw some of the sting from Labour's campaigning by signalling publicly that his preferred option is a 1992 election.

Mr Neil Kinnock, the Labour leader, greeted his party's victory in Monmouth with a confident claim that a general election victory was now inevitable. Accusing Mr Major of "pompous whingeing", he predicted that the government would call the election in October and promised to intensify further Labour's campaigning against the government during the summer.

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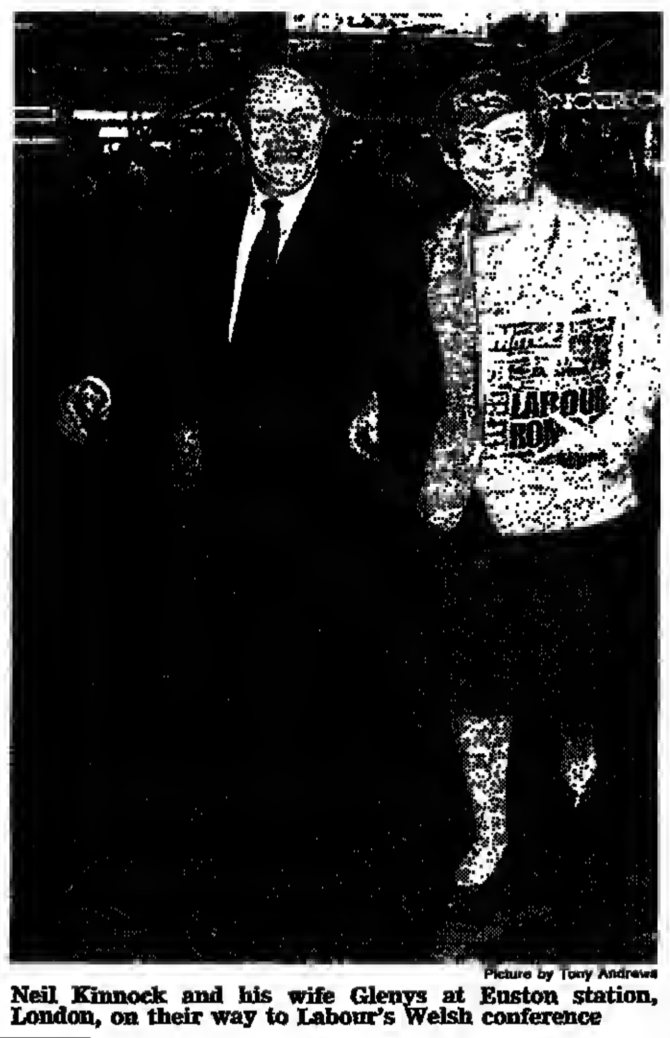
Health service reforms, Page 7



Picture by Tony Andrews

Neil Kinnock and his wife Glenys at Euston station, London, on their way to Labour's Welsh conference

Clyde shipyard sacks 1,600 strikers

By **James Buxton**, Scottish Correspondent

THE GLASGOW shipyard of Kvaerner Govan yesterday dismissed 1,600 striking employees and said it would only re-hire those prepared to accept a tough new package of working conditions.

The yard was bought by Norwegian company Kvaerner Industrier from British Shipbuilders in 1988 and is one of only seven it owns which is losing money.

The week-old strike on Clydeside began after 59 per cent of workers rejected a pay and conditions offer which their trade union representatives advised them to accept.

Kvaerner Govan has told the hourly-paid workforce that it is scrapping a scheme for enhanced redundancy pay inherited from British Shipbuilders which it had recently renewed until mid-1992.

"We understand the very existence of the scheme is encouraging destructive elements to seek to force the company into a situation where large scale redundancies are unavoidable," said Mr Steinar Dragebo, managing director.

Kvaerner builds liquefied petroleum gas carriers at Govan and has two ships under construction, with a third due to start. It has invested £26m in improving facilities at the yard.

Since acquiring the yard, one of only two large yards still building ships on the River Clyde, Kvaerner has had some success in raising the workforce's productivity.

Last year, the management won a prolonged battle to end the practice under which workers returned to the canteen for their tea-breaks rather than taking them on site.

The Govan yard was the scene of a celebrated sit-in in 1971 when it was known as Upper Clyde Shipbuilders.

The current dispute is over an offer which includes wage increases of 6.4 per cent and 4.4 per cent over a 21-month period plus enhanced overtime payments, as well as the ending of a four nights a week shift arrangement.

Mr Dragebo said Kvaerner would re-employ all dismissed employees who accepted terms designed to eliminate all "remaining inefficiencies and costly practices inherited from the days the yard was nationalised". It would offer the shift agreement it had originally wanted rather than that which it had agreed with the unions in the offer under dispute.

"There is an under-current in the workforce that wants to force the company to its knees in order to obtain very hig redundancy payments. We want to remove that temptation," said Mr Dragebo.

He acknowledged that the possibility of Kvaerner walking away from the yard "is one of the alternatives that could be explored. It could be more expensive than going on losing money."

There was no comment from the yard's shop stewards.

R-R threat, Page 3

Lamont welcomes RPI drop to 6.4%

By **Rachel Johnson**, Economics Staff

BRITAIN'S annual inflation rate fell to 6.4 per cent in April – the sharpest monthly drop for a decade but one not quite as steep as the City had expected.

Mr Norman Lamont, the chancellor, said he was delighted by the fall in the April retail prices index by almost two percentage points from 8.2 per cent in March.

The Central Statistical Office said recent cuts in interest rates and the poll tax changes were responsible for the improvement. It also said retailers had not only been swift to pass on to the consumer the rise in value added tax to 17.5 per cent. Some had used it as an opportunity to "slap on increases on top of VAT", especially in the leisure goods, alcoholic drinks and catering sectors.

Only the sharp drop in housing costs last month – caused by the removal from the index of last year's imposition of the poll tax and the 30 per cent reduction in poll tax bills – offset rises in excise duties and VAT. Between March and April the RPI had risen by 1.3 per cent, against expectations of 1.1 per cent.

Mr Lamont has not yet bowed to mounting political and industrial pressure to stimulate the economy. He did not cut interest rates in tandem with the RPI's fall – as he has done on two previous occasions – while the Bank of England underlined its desire to see base rates remain at 12 per cent by lending to the money market at that rate for seven days.

Mr Robin Leigh Pemberton, governor of the Bank of England, has warned against premature cuts in interest rates while underlying inflation remains stubborn.

According to the index of underlying inflation now preferred by the Treasury, which excludes mortgage interest

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Background, Page 3
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Bush pledges to continue Middle East peace efforts

By **Peter Riddell**, US Editor, in Washington

PRESIDENT George Bush yesterday claimed there was "real cause for optimism" on prospects for a Middle East peace conference and said the US would press ahead with its diplomatic initiative.

Mr Bush was speaking after a lengthy briefing from Mr James Baker, the US secretary of state, after his return to the US from his fourth visit to the region in 10 weeks.

Mr Bush told journalists: "Wa will continue to work this process. Wa are not about to stop. Progress has been made." Asked if Mr Baker might return to the region, Mr Bush said that if there was reason for him to go back then he would.

The US determination to continue to promote some form of Middle East peace conference comes in spite of continuing Israeli and Syrian obstacles to a meeting.

One senior State Department official said Mr Bush might invite Arab and Israeli leaders to Washington to see whether a high-level meeting there could bridge the gaps between the parties.

Mr Bush might even attempt to convene a peace conference himself, the official said. That option is opposed by soma western countries unless there is an assurance that all the key parties will attend.

Other possibilities include the US setting up a smaller peace conference between Israel and the Palestinians, excluding Syria, instead of a broader regional meeting.

US officials have also been debating whether Mr Bush himself should make an address on the issue and whether Mr Baker should prepare another trip around the region.

European officials are encouraging the US to continue its peace initiative – without US involvement, they believe, the conference plan is doomed.

Consequently, there must be no suggestion from the US that the peace talks are over. There is, however, likely to he a change of pace in the diplomatic effort.

US officials believe that the procedural objections raised by Israel and Syria over the United Nations' role in any peace conference are largely smokescreens to disguise their unwillingness to participate in serious discussions for the time being.

Israel, which distrusts the UN as allegedly biased towards Arabs, wants no UN role at all. Syria, especially, wants maximum possible UN participation.

Israel also wants the overall conference to be a one-shot affair to be followed by bilateral talks between itself and each of the Arab states separately. Syria wants to be able to reconvene the general conference from time to time as necessary.

Israel's hardliners, Page 3

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Austria Sch30; Bahrain Din0.900; Bermuda $1.50; Belgium BFr60; Canada C$1.40; Cyprus C£1.00; Denmark DKr13.00; Egypt E£3.50; Finland Fmk8.50; France FFr8.00; Germany DM3.00; Greece Dr200; Hong Kong HK$14; Hungary Ft145; Iceland IKR160; India Rup20; Indonesia Rp3,100; Ireland I£0.80; Israel NS4.50; Italy L2200; Japan Y500; Jordan JD1.20; Korea Won 2000; Kuwait Fils.500; Lebanon $L1000; Luxembourg LFr60; Malaysia Rin4.50; Malta 45c; Mexico Peso300; Morocco Dh10.00; Nigeria Naira15.00; Netherlands Fl3.50; Norway Nkr13.00; Oman OR1.20; Pakistan Rs35; Philippines Peo 40; Poland Zl 11000; Portugal Esc160; Qatar QR10.00; S.Arabia Rls8.00; Singapore S$4.10; Spain Pta175; Sri Lanka Rup30; Sweden SKr13.00; Switzerland SFr2.70; Taiwan NT$65; Thailand Bht60; Tunisia Din0.800; Turkey L3000; UAE Dh8.00; USA $1.00.

UK and US still cool on Gorbachev's involvement at July meeting

Soviet Union to press G7 on aid

By John Lloyd in Moscow and **Peter Riddell** in Washington

THE Soviet government is to step up pressure on the Group of Seven leading industrial countries to put the issue of co-operation with the Soviet Union in its economic reform process on the agenda of its meeting in July.

Mr Vladimir Shcherbakov, the first deputy prime minister, said he would visit the US shortly to discuss the terms under which aid would be extended.

However, Britain and the US remain cool to the involvement of President Mikhail Gorbachev himself at the summit. Their strategy is to defer a decision until near the end of June, just two weeks before the meeting, in the hope of keeping up pressure on Mr Gorbachev to make firm commitments on economic reform.

Mr Shcherbakov, who was earlier this week named as the head of the new Economics Ministry (which has replaced Gosplan, the former Stalinist central planning body) has conducted talks with the representatives of the Soviet republics on an anti-crisis plan to stabilise the economic crisis in the country. intensive discussions on the plan, which have been held throughout the past week, have increasingly focused on reforms which are aimed at attracting foreign support.

Among other issues discussed have been measures to make the rouble internally convertible, as a first step to external convertibility.

interfax, the independent newe agency, qnoted Mr Shcherbakov as praising Mr Grigory Yavlinsky, the former deputy prime minister of the Russian Federation, for conducting informal negotiations with the G7 on the outlines of a plan. Mr Yavlinsky, who has been working on a reform programme with a group of US academics from Harvard University with close links to the US administration, flies to the US tomorrow to complete work on the programme.

Mr Yevgenny Primakov, an aide to President Gorbachev, told one of the US academics, Professor Graham Allison of Harvard's Kennedy School of Government, that the Soviet president would support a coherent, market-oriented plan which attracted western support and the engagement of western experts. He stressed, however, thet it would be undertaken primarily for the Soviet Union's own interests.

Professor Allison said after the meeting at the Kremlin on Thursday night that the basis of the plan was the International Monetary Fund-World Bank report on the Soviet economy published last December. The report says that assistance could "provide important support during a time of a difficult transition to integration of the economy of the USSR into the world economy" – bnt only if there were a "comprehensive reform programme".

The figures suggested in the report for aid range between \$10bn and \$15bn a year.

The US and British line is to back Mr Gorbachev in general, welcoming in particular the recent easing of political tensions, while insisting that western assistance cannot be given until a specific economic reform programme is introduced. There is a preference for a wait-and-see approach.

The Bush administration is, for instance, relnctant to approve the Soviet request for \$1.5bn in food export credits unless it is linked to changes in the food distribution system.

US officials believe, however, that the west should respond if Mr Gorbachev publicly backs a market-oriented reform programme.

Pilots vow to challenge ban on strikes

By Leyla Boulton in Moscow

SOVIET pilots and air traffic controllers yesterday promised to strike next week despite a presidential decree setting up a "special regime" for transport and key industrial sectors.

The decree, published yesterday, is supposed to give authorities the legal teeth to enforce a long-standing strike ban which already exists in the transport and energy sectors. It also extends a strike ban to the steel and chemical industries, and provides extra financial benefits for workers in all the above-named areas.

Mr Vladimir Konusenko, chairman of the independent air traffic controllers union, with 17,000 members, poured scorn over government plans to break a strike planned to start next Tuesday. Mr Vladimir Scherbakov, the deputy prime minister, said Moscow would use methods similar to those used by President Ronald Reagan against US air traffic controllers.

But Mr Konusenko said military air traffic controllers would be unable to handle civilian traffic. He also warned that air traffic controllers would go on an indefinite strike if any attempts were made to prosecute individual controllers.

Mr Konusenko, who was due to continue talks with the civil aviation ministry last night, said that the government could still avoid a strike by meeting the demands of pilots and controllers for a tripling of their pay and better working conditions.

Pilots plan a 24-hour strike on domestic and international flights on Tuesday, while controllers have not set a limit for their industrial action, which starts on the same day.

President Gorbachev's decree says transport and the industries specified in the decree are to receive priority treatment in terms of better incentives, but workers would also be made financially responsible for failure to meet state output targets.

A bomb destroyed an office (above) of tha main Soviet opposition group Democratic Russia in Moscow late on Thursday night, hut no-one was hurt.

Democratic Russia, formed last year, groups radicals and liberals and backs Boris Yeltsin, the Russian Federation president and main rival of President Gorbachev.

Moscow looks for extra DM30bn to withdraw troops

By David Goodhart in Bonn

THE Soviet Union is seeking a further DM30bn (£10.1bn) from Germany in the form of bilateral financial aid, trade credits, and further payment for troop withdrawals from east Germany, according to a Bonn Finance Ministry report. The report, leaked to the magazine Wirtschafts Woche, also says that Moscow is seeking technical help in oil and gas exploration.

Germany haa already pledged DM12bn cash (plus a DM3bn interest-free loan) to finance the withdrawal of Soviet troops but according to Finance Ministry officials, Bonn'a total post-unity aid to Moscow, including the German share of internationally agreed aid, is now more than DM50bn.

It has been known in Bonn for several weeks that tha Soviet Union was asking for yet more support from Germany, but Chancellor Helmut Kohl said yesterday that new payments would only be considered in return for the withdrawal of Soviet troops earlier than the previously agreed 1994.

Mr Jürgen Möllemann, the economics minister, said that a new payment of DM30bn was out of the question. Mr Möllemann may visit the Soviet Union next week to complain about the exclusion of German companies from the first round of building contracts for the rehousing of Soviet troops at present in east Germany.

Mr Kohl, at a press conference before a two-day visit to the US early next week, confirmed that the Soviets had made "suggestions" about further payments in relation to Soviet-owned land and property in east Germany. But the figures, which will be discussed at a summer meeting with President Mikhail Gorbachev, were "light years" away from what Germany was prepared to pay.

In Mr Kohl's talks with President George Bush, the first since German unification, the future of the Soviet Union will be high on the agenda.

However Mr Kohl said yesterday that Germany's readiness to carry greater responsibility on the world stage was the key message he wanted to take to Washington. Some US politicians had complained that Germany did not pull its weight during the Gulf war.

Mr Kohl emphasised that he was still seeking a change to the German constitution this year to allow German troops to operate outside the Nato area, a change which is resisted by the opposition Social Democrats, who probably have the votes to block it.

Mr Kohl made it clear that he did not accept the view, pressed by some within his own party, that German troops can legally operate outside Nato without a change to the constitution. Mr Kohl will also be urging more investment in east Germany from US business and announced yesterday that the Treuhand agency, the organisation privatising east German industry, planned to open an office in New York.

Eight-year low for US monthly trade deficit

By Michael Prowse in Washington

RECESSION in the US has helped produce the country's lowest monthly trade deficit in almost eight years, according to figures published by the Commerce Department yesterday. Slackening consumer demand meant the deficit fell sharply to \$4bn (£2.3bn) in March, some \$1.5bn lower than many analysts' expectations.

The improvement from February's \$5.5bn shortfall mainly reflected the impact of recession on imports, but the performance of US exports remains respectable, given slowing demand in overseas markets.

The speed of the fall in the deficit, which averaged \$8.5bn a month last year, took analysts by surprise. It reflected a \$1.1bn fall in imports to \$38bn and a \$0.4bn rise in exports to \$34bn, the third highest nominal total recorded.

Allowing for the effects of recession, recent figures suggest the era of \$100bn-plus annual external deficits, which began with the Reagan administration's fiscal reflation in the early 1980s, may be over. The improvement is most evident in the non-oil deficit, which fell to \$881.9m in March and was \$6.3bn in the first quarter, against \$11.9bn in the same period last year.

Before yesterday's news, several forecasters were predicting an overall trade deficit of about \$60bn this year, a sharp improvement from last year's \$102bn deficit. The current account balance, a broader measure which includes invisibles, is set to improve even more sharply.

In the first quarter, imports were 7 per cent lower than in the final three months of last year, a reflection mainly of the decline in oil prices and reduced imports of cars and consumer goods.

Exports were unchanged in the latest three-month comparison, although 5¼ per cent higher than in the first quarter of last year. Sluggish European demand for capital goods – which figure prominently in US exports – has contributed to the recent tailing-off of export growth.

"*Exports are a cushion* but no longer an engine for recovery," said Mr David Rolley, a DRI economist.

Crisis likely to boost Croat secession vote

By Laura Silber in Baigrade

YUGOSLAVIA'S constitutional crisis continued last night after the collective presidency failed to elect as president Mr Stipe Mesic, a Croat, thus leaving the country without a head of state, or commander-in-chief of the armed forces.

The continuing paralysis, fuelled by bitter rivalry between Croatia and Serbia, the country'e two largest repnblics, is likely to speed moves for independence by the weetern republic of Croatia. Tomorrow, its voters will decide if they wish to remain a part of federal Yugoslavia, or become a "sovereign state" within some kind of confederation.

Slovenia and Croatia walked out last night from a presidency meeting after the eight-member body, which consists of the six republics and two provinces, failed to elect Mr Mesic as head of state.

Mr Mesic's election was blocked by communist Serbia, its provinces of Kosovo and Vojvodina, and the republic of Montenegro.

Mr Borisav Jovic, the outgoing president and a Serb, said he could not confirm a man as president "who had repeatedly called for tha dissolution of Yugoslavia". Croatia and Slovenia have wanted greater independence from the federation.

The deadlock is expected to lead to a high pro-independence turnout in tomorrow'a vote in Croatia. If so, it will allow Croatia's leaders the legitimacy they need to negotiate independence. It will also make it more difficult for reaching any consensus about the country's future.

E Europe oil joint venture

MARC RICH, the diversified commodity trader, has formed a joint venture with Total, the French energy group, to invest in oil refining assets in the Soviet Union, Romania and Bulgaria, David Owen and Judy Dempsey write.

The venture – Total Marc Rich (TMR) – will initially have committed capital of close to \$50m (£29m). The company plans to invest up to \$300m in refining and transportation over five years.

TMR is already involved in five projects – three in the Soviet Union, one in Romania and one in Bulgaria – all of which were set up by Marc Rich before the joint venture'e formation.

It has an option to buy 50 per cent of the equity in the Petromedia refinery in Romania.

The entire chemical and petrochemical induetry was highly centralised under the Ceausescu regime, which was overthrown in December 1989.

Gatt reshuffle to underpin relaunch of trade talks

By William Dullforce in Ganeva

MR Arthur Dunkel, director-general of the General Agreement on Tariffs and Trade, yesterday announced a re-organisation at the top of the world trade organisation deeigned to underpin a relaunching of the Uruguay Round trade talks next month.

One of the most significant appointments is that of Mr Frank Wolter to head Gatt's agriculture division.

Mr Wolter, 47, who built his reputation at the Kiel Institute for World Economics, has since 1989 headed a new team in Gatt which has been publishing increaeingly critical reviews of countries' trade policies.

Differences over farm reform provoked the breakdown of the four-year Uruguay Round at the world trade ministers' meeting in Brussels last December.

Professor Jagdish Bhagwati of Columbia University, New York, a firm exponent of free trade principles, becomes economic policy adviser to Mr Dunkel.

Gatt's reshuffle, which comes into effect on June 1, coincides with the retirements on July 31 of Mr Madan Mathur, one of two deputy director-generals, and of five heads of divisions.

Sweden links krona with European currency unit

By Robert Taylor in Stockholm

THE SWEDISH krona is to be linked with immediate effect to the European currency unit, the Ecu, the Swedish central bank said yesterday. The decision means Sweden is abandoning its existing exchange rate basket of currencies established in 1977.

Mr Jacques Delors, the EC president yesterday welcomed the Swedish decision which he said would "help to extend beyond the borders of the Community the zone of monetary stability *created by the European Monetary System*".

Mr Allan Larsson, tha Swedish finance minister, added in an important further sign of Sweden's intentions that the krona would join the exchange rate mechanism of the EMS "as soon as possible".

The government has already announced its intention to send in the country'a application to join the EC next month. in a further indication of *its determination, Mr Larsson made it* clear last night he wished to see the country participate fully in future EC discussions on the establishment of economic and monetary union.

The central bank announced last night that the value of the krona would be set at SKr7.40054 per Ecu and it would be allowed to fluctuate above and below that figure by a margin of 1.5 per cent, between SKr7.28953 and SKr7.51155. It was emphasised yester*day that the move did not result in any* change of value of the krona against other currencies.

The main problem of linking the krona to European Community currencies has been Sweden's high inflation rate, which has been running at twice the EC average. However, Mr Larsson last night took an optimistic view on the issue.

The chief opposition party leaders welcomed the government's decision.

Colombia confident of oil find

By Robert Graham

THE Colombian government *appears to be confident* a sizeable oil find has been made by an international consortium led by British Petroleum in the eastern jungle on the slopes of the Andes.

BP said in London yesterday it was only just beginning to evaluate the results of two exploratory wells which suggested a "promising" hydrocarbons find.

The evaluation process is expected to take several weeks and BP declined to say yesterday whether there were indications of oil or simply gas.

Mr Luis Vergara, Colombia's minister of mines and energy, said a general estimate of the field's potential could be available in two weeks. La Republica, the Colombian financial newspaper, quotes him as saying: "We are on the right track and if the potential of the field is confirmed, we can say we are facing an important fact which will allow the country... to continue with crude exports."

The Colombian media has gone to town with headlines this week such as "Huge Oil Find". Rumours have been circulating in Bogotá for several weeks of a big discovery by a consortium of BP, France's Total and Triton Energy Corporation of the US.

The exploration area is in the region of Casanare some 150 miles east of Bogotá. The area is regarded as a zone of guerrilla operations, which have done untold damage to the oil industry.

During the past decade Colombia's crude reserves have risen from 550m to 2bn barrels, the *main field being* Occidental's Cano Limon discovery in the *llanos*, the flat lands along the Venezuelan border.

NEWS IN BRIEF

'Green' code published by oil companies

EUROPEAN OIL companies yesterday pledged themselves to a "green" code which includes measures to reduce oil spills and to provide more information to the public about the impact of the industry on the environment, writes John Hunt, Environment Correspondent.

The set of environmental guiding principles was published in Brussels by the 34 companies belonging to the European Petroleum Industry Association (Europia), including British Petroleum, Shell, Conoco, Exxon, Gulf Oil, Total, Texaco and Mobil. It is also backed by the European members of the London-based Oil Industry International Exploration and Production Forum.

The principles cover handling of raw materials, conservation of natural resources, waste management and accident reduction.

French inflation holds steady

French consumer prices rose by 0.3 per cent in April, leaving the annual rate of inflation unchanged at 3.2 per cent, writes George Graham from Paris. This takes France'e inflation rate within 0.4 of a percentage point of the German inflation rate, which accelerated last month to 2.8 per cent.

France recorded price increases last month on rents, railway tickets and manufactured goods, offset by lower fuel prices. The finance ministry is forecasting an inflation rate of 2.8 per cent by the end of the year.

Finns take bridge to court

Finland yesterday filed an application with the International Court of Justice in The Hague over Denmark's plans to build a 65-metre-high suspension bridge over the Great Belt, the deepest of the three Danish straits, Enrique Tessieri writes from Helsinki. The USSR has also expressed its concern.

Despite Finland's need to maintain seafaring links from its ports to the outside world, the new bridge would have a negative impact on its offshore and shipbuilding industry.

OECD sees recovery beginning

The industrial world is starting to pull out of the economic downturn induced by the Gulf crisis and the recovery will accelerate through the year, Organisation for Economic Co-operation and Development experts say, Reuter reports from Paris.

Projections discussed by the experts in Paris this week herald a pick-up in growth in the 24 rich nations that make up the OECD to 2.9 per cent in 1992 from only 1 per cent this year, diplomats said yesterday.

Indian coalition predicted

India will be faced with a coalition government after the general election, according to an opinion poll published yesterday Voting begins on *Monday and is spread out over three days next week*, writes David Housego in New Delhi.

The survey carried out by Marg, the most respected of Indian polling institutes, forecast that Mr Rajiv Gandhi's Congress party will win 283 of the 510 seats being contested.

US steel output down

Crude steel output in April fell heavily in the US, rose in Japan and held more or less steady in the EC, according to monthly figures issued yesterday, Reuter reports from Brussels.

The International Iron and Steel Institute said production by 35 western countries totalled 39.4m tonnes, 1.2 per cent less than in April 1990. Production in the US fell 15.8 per cent to 6.8m tonnes.

Libyans flown to US

The US said yesterday it had flown 350 Libyans out of Kenya to new American homes but declined to comment on a report that they were the remnant of a force trained to overthrow Libyan leader Col Muammar Gaddafi, Reuter reports from Nairobi.

Hungary to raise energy prices

Hungarian *domestic energy prices* will go up *as much as* 285 per cent from June 1, the government said yesterday, AP-DJ reports from Budapest. Coal will go up by 176 per cent on average.

Annual inflation in Hungary is running at around 30 per cent.

Japan money supply growth falls sharply

By Stefan Wagstyl in Tokyo

JAPAN'S money supply grew by just 3.7 per cent between April 1990 and last month, the slowest rate on record, according to a report published yesterday.

The figures highlight the success of the Bank of Japan's policy of curbing what it saw an over-rapid expansion of credit in the economy. Only a year ago the money supply was growing at an annual rate of 13 per cent. *The figure* was 12 per cent as recently as last September. The number for March was revised yesterday from 4.9 per cent to 5.1 per cent.

Some economists believe the money supply could actually start shrinking on a year-to-year basis if the central bank *does not relax its grip on credit* and allow interest rates to fall.

Calls for a cut in interest rates have come from soma business leaders and from the US administration. Bnt Mr Yasushi Mieno, the central bank governor, insisted this week that the time was not yet ripe for a change in monetary policy. The bank is satisfied with the reduction in money supply growth and with a recent levelling-off in increases in wholesale prices. But it is still worried about the inflationary *pressure resulting from* labour shortages.

Meanwhile, corporate bankruptcies caused by a combination of labour shortages and high interest costs are pushing bankruptcies np to all-time highs. According to Tokyo Shoko Research, a private research group, companies which went bankrupt in April left debts totalling a record Y883.2bn (£3,665m).

● Japanese workers earned an average monthly wage of Y255,000 in 1990, up 5.3 per cent *from the previous year and the* highest annual increase in nine years, an annual Labour Ministry said yesterday, Reuter reports from Tokyo.

The report showed women lagged far behind their male counterparts in earning power. *The average monthly wage* for men totalled Y290,000 last year, compared to Y175,000 for women.

INTERNATIONAL NEWS

Syria-Lebanon treaty condemned by Israel

By Lara Marlowe in Damascus

LEBANESE and Syrian leaders yesterday settled details of e controversial treaty which is widely viewed as a threat to Lebanese independence and has raised fears of renewed Israeli intervention in the country.

Mr Moshe Arens, Israel's defence minister, said the "treaty of brotherhood, co-operation and co-ordination" between Lebanon and Syria posed "a danger to Israel", adding that Syria had "unobtrusively begun to swallow up Lebanon" while the world's attention was diverted by the Gulf war.

Israel has twice invaded Lebanon in 1978 and 1982 and maintains an occupation zone in the south.

Security sources in south Lebanon, speaking on condition of anonymity, said about 500 Israeli soldiers and 35 tanks took part in an exercise which began on Thursday on the foothills of Mount Hermon, close to the Syrian border.

Many Lebanese blame the US for, they say, giving carte blanche to Syria in Lebanon in exchange for its participation in the coalition against Iraq in the Gulf war.

The treaty will subject all Lebanese government decisions to review by six joint Syrian-Lebanese bodies. The text – still secret – foresees the establishment of special commissions to "co-ordinate" policies on defence, internal security, economics, foreign affairs and social issues.

The document has to be submitted to the Syrian and Lebanese parliaments for ratification before it becomes binding. Neither house is expected to challenge the presidents' decision.

The Lebanese cabinet approved the text after seven hours of heated debate on Wednesday night. Of 28 cabinet members, only three Christian Maronite ministers are known to have opposed the agreement.

The three succeeded in changing a reference to "strategic relations" to "brotherly relations" but failed in their efforts to delete a clause which would nullify all Lebanese laws in contradiction with the treaty.

Syria maintains 40,000 troops in Lebanon under a 1976 Arab League peacekeeping mandate. It is backing Lebanese President Elias Hrawi's drive to and 16 years of civil war and restore government authority in the country.

The treaty was the latest step in a government drive to accelerate a peace procese under a 1989 Arab League-brokered accord to end the civil war.

Lebanon has already disarmed rival militias in and around Beirut and deployed government troops to control a 1,000-square-mile strip, a quarter of the nation.

Tokyo tries to end war funding row

By Stefan Wagstyl in Tokyo

JAPAN is trying to find a settlement to a row with the US over exchange losses on its contribution to funding the Gulf War.

The US insists Japan earlier this year promised to pay $9bn (£5.2bn) in addition to $2bn paid late last year. But Japan says it made its pledge in yen. Because the yen has fallen since tha agreement was struck, Japan's contribution is now worth about $8.5bn.

Japanese officials expect the issue to be raised by Mr Dan Quayle, US vice president, who arrives in Japan tomorrow on a two-day visit.

After a cabinet meeting yesterday, Japanese ministers said they would not offer to cover the exchange losses but hinted they might instead extend additional aid to the Middle East, perhaps paying part of the costs of US troops operating in Kurdish areas.

Mr Ryutaro Hashimoto, the finance minister, said Japan would consider new US requests for more aid.

Japanese officials are surprised at what they see as Washington's intransigence over the exchange loss issue, which they feel has arisen from a genuine misunderstanding. Japan's contribution was agreed in the US by Mr Nicholas Brady, US treasury secretary, and Mr Hashimoto. Mr Brady left the meeting thinking the deal had been struck in dollars and Mr Hashimoto thought it was in yen. There were no note-takers present.

Obstacles cleared in Iraqi-Kurdish talks

KURDISH rebel leader Masoud Barzani said yesterday that talks with the Iraqi government had cleared some important obstacles but an autonomy deal had not yet been reached, Reuter reports from Baghdad.

"There is not full agreement in all areas but the difficult things we have passed," Mr Barzani said at his hotel.

Baghdad's negotiating team, headed by President Saddam Hussein's deputy, Mr Izzat Ibrahim, remained silent about the talks, aimed at ending a dispute which has dogged Iraq for decades.

The rebel leader said he planned a news conference today to give details of progress so far. He was ready to stay in Baghdad until full agreement was reached.

Mr Barzani said the issues resolved included an end to strife in the north, and that control of the northern city of Kirkuk and its vast oil resources, was now "not a problem".

Another Kurdish leader, Mr Jalal Talabani, told Reuters on Tuesday the Kurds would accept Baghdad's control of the oil in return for Kurdish administration of Kirkuk and its province.

Mr Talabani said instead of a slice of the oil revenues, the Kurds wanted a share of the state budget equal to their population – about 20 per cent of Iraq's 18m people.

Mr Barzani said he was confident Iraq was ready to sign an agreement with the United Nations to provide some kind of UN security presence in the Kurdish region.

Barzani: Kirkuk "not a problem"

Mr Barzani has been heading a delegation of the Iraqi Kurdistan Front rebel alliance at negotiations with the Iraqi government since May 7. The talks, intended to forge a deal on the future of Kurdistan, democracy and human rights, follow agreement in principle between the two sides to revive a 1970 autonomy accord.

"Wa have agreed on normalisation," Mr Barzani said. "This is good. We agree with the government about tha main points, these are very, very important things."

He called on Kurdish refugees in Turkey and Iran to return to Iraq, though not necessarily to their homes for the time being.

"It is better for the Kurds to come back at least inside Iraq," he said. He was confident that Baghdad would agree to some sort of UN security presence in the north.

Extremists who want more Jewish settlements

Hugh Carnegy on Israeli government hardliners

WHILE Mr James Baker, the US secretary of state, ponders with President George Bush what turn to take next on the labyrinthine path to Middle East peace, a significant part of the Israeli government they are trying to coax along is arguing they took the wrong road long ago.

After his latest talks with Mr Baker on Thursday, Mr Yitzhak Shamir, prime minister and leader of the Likud party, said the two sides had reached agreement on a number of issues which should help Washington "conduct close and positive contacts" with potential Arab partners in a peace conference.

But an important reason why those potential partners doubt Mr Shamir's sincerity lies in the number of ministers he has appointed to his coalition who openly oppose the US effort – and who they believe reflect the prime minister's own gut political instincts.

Despite suggesting recently that Jewish settlements in the occupied territories could ultimately be the subject of negotiation, Mr Shamir has left no doubt that his personal position is close to those held by powerful right-wingers in his government.

The best known is Mr Ariel Sharon, the housing minister, whose drive to expand Jewish settlements in the occupied territories has so infuriated Washington. Another is Ms Geula Cohen, the junior science minister, a no less forthright and colourful figure.

Ms Cohen, a colleague of Mr Shamir in the violent Stern Gang during British rule, says the US mission is dangerous because it is misconceived. The Arabs must make territorial concessions, not Israel; the settlements in Judaea, Samaria and Gaza – as most Israelis call the territories – are the way to peace, not an obstacle.

The US "should persuade the Arabs to stop making territorial demands and reconcile themselves to the borders as they are now", says Ms Cohen, a fiery figure who once escaped from prison after being jailed for nine years by the British. "Until then there will be no peace in the Middle East."

Ms Cohen is one of three MPs from the Tehiya party. Like two other small, extreme right-wing factions, it has issued threats to quit the coalition if Mr Shamir is seen to give in to the Americans.

For now it seems satisfied that Mr Shamir will not budge on its chief concern – to build more settlements in the West Bank and Gaza, where 100,000 Jews now live. "This is a government settling Judaea and Samaria in a very committed way and on a very large scale. That in my eyes is what counts," says Ms Cohen.

She explains that the territories, captured in 1967, are "the heart of Eretz Israel", the Land of Israel. They should be annexed. It is vital to pack them with settlements to fill a political vacuum which the Palestinians dream of filling with their own state.

Speaking with the passion she is renowned for in Israel, she says: "If we double the settlements, and I hope we will, I think all the political questions about the Palestinian state will disappear, will have no meaning any more. So that is why we have to rush."

In the vision of Geula Cohen, and others in the Likud, the only political future for Palestinians lies in Jordan. Jordan is Palestine, they say. Tehiya does not advocate forced "transfer" of West Bank and Gaza inhabitants – as does another coalition partner – but will not countenance giving the vote to them. In these circumstances "maybe more and more will decide to move."

It sounds suspiciously like the classic apartheid of South Africa and its black homelands, but the argument angers Ms Cohen. The Palestinians were never a nation, she says. Sha proposes only to divide historic Palestine into Jewish and Palestinian states – the Jewish state occupying all the land west of the Jordan River.

Nor, she protests, is she racist. Of Moroccan and Yemenite stock, born in Tel Aviv, she rejects such a "leftist" gibe: "The leftists are afraid of the Arabs, I am not. All my life I've lived with Arabs and I loved them. I'll be very sad if they all go away. They are part of the landscape here, but they are not part of the sovereignty."

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UK NEWS

Unions turn down power industry's final offer

By Lisa Wood, Labour Staff

THE likelihood of a second ballot on industrial action in the power industry increased yesterday when a majority of manual workers in the sector's five unions rejected the 8.9 per cent pay offer described by employers as final.

Employers' negotiators have been informed of the decision and if a request for urgent talks is not met another ballot will be held.

Earlier this week the two largest unions in the industry, the EETPU electricians' union and AEU engineering union rejected the offer. Yesterday the TGWU general union voted by 3,695 to 2,698 against acceptance, as did the GMB general union by 6,593 to 3,899, although pylon painters, members of Ucatt, the smallest union in the industry voted by 132 to 99 to accept. The total vote was 26,741 against acceptance and 18,744 for.

Mr Eddie Newall, GMB national officer for the electricity industry, said: "The ball is in the court of the employers and they will have to very carefully reconsider their position. If they do not respond to our request for an urgent meeting we will have to take that as a refusal to re-open negotiations and we will seek permission from our executive committees to hold a second strike ballot."

He speculated that falling inflation could be encouraging employers to play for time in the belief that the offer would look better as inflation fell.

The Electricity Association said yesterday that employers' negotiators had described the 8.9 per cent offer as final but companies were always willing to meet the unions.

Employers increased their pay offer to the 72,000 power workers from 8 per cent last month on the eve of threatened industrial action which had endorsed by a strike ballot.

Unions in legal threat to R-R

By Michael Smith, Labour Correspondent

ROLLS-ROYCE, the aerospace company, was yesterday formally threatened with High Court proceedings, industrial tribunals and industrial action in the wake of recent decisions to cut jobs and freeze pay.

MSF, the general technical union, said it would go to the High Court unless the company withdrew letters to employees which gave notice that their contracts were being terminated and replaced with new ones.

Rolls-Royce has said that its decision to change the contracts of its aerospace division's 34,000 employees is a legal technicality to allow a six-month freeze on pay increments to be implemented. Unions have portrayed the move as mass dismissals.

The GMB general workers' union told its 5,000 white collar workers it would pursue legal action over the contract changes through industrial tribunals.

It advised members to accept the new contracts under protest and reserve the right of claiming unfair dismissal.

Manual worker shop stewards said they might press for a strike over compulsory redundancies.

Rolls-Royce wants 6,000 jobs cut from the division this year and only 1,500 employees have volunteered.

Mr Tim Webb, MSF national officer, told the company its "attempt to dismiss members" was a breach of local and national procedures and of contracts of employment.

Unlees the termination letters were withdrawn and the company agreed to talks, proceedings would be started in the Chancery Division to restrain continuation of the breaches.

Mr Roy Grantham, national officer of the Apex white collar wing of the GMB, said the company was treating its workers with contempt by giving notice to employees to effect a "miserable saving".

There is more concern among manual workers over the prospect of enforced redundancies than over the contract changes.

They are less affected by the freeze on increments – paid on the basis of age, length of service and skills – than white collar workers.

Manual worker shop stewards said they would seek an overtime ban if the company did not meet them by May 29. If an acceptable solution could not be found over compulsory redundancies they would pursue a total strike.

Shop stewards also said they may implement a ban on movement of work from the company's Leavesden plant, in Hertfordshire, which has been earmarked for closure at the end of next year.

Compulsory redundancies would be tha first at Rolls-Royce since the company's bankruptcy 20 years ago.

Rolls-Royce said it recognised the concern of the manual workers on redundancies.

Discussions bed begun at local level and the company would look favourably on a request for a meeting by leaders of the Confederation of Shipbuilding and Engineering Unions.

The company said it was still considering the letter from the MSF.

Vice-chancellors seek talks with PM

By Andrew Adonis

VICE-chancellors yesterday asked to see Mr John Major, the prime minister, about the funding of universities, following the refusal of Mr Kenneth Clarke, the education secretary, to meet them.

Sir Edward Parkes, chairman of the Committee of Vice-Chancellors and Principals (CVCP), described Mr Clarke's action as "wholly astonishing and unacceptable". He told Mr Clarka in a letter that his refusal to consider a pay review body for lecturers "can only mean that you wish to retain the freedom to ensure that university staff continue to be disadvantaged compared to other public sector groups."

Mr Clarke dismissed the idea out of hand. "It would not be possible to manage pnblic expenditure if all employees whose salaries can be seen as publicly funded had review body status," he said in a letter to Ms Diana Warwick, general secretary of the Association of University Teachers.

The AUT'e national council condemned Mr Clarke's reasoning as "entirely spurious". Delegates voted to apply "the maximum possible public and parliamentary pressure" on ministers to agree to an independent pay review body.

"Only a pay review body will give lecturers confidence that they will be treated fairly and as professionals," Ms Warwick said.

The AUT is still in dispute with university leaders on a 16 per cent pay claim for 1991-92. Vice-chancellors last month imposed an interim increase of 5 per cent, pending an approacb to the government for additional funding. It is Mr Clarke's refusal to consider that request which has lead the CVCP to approach the prime minister directly.

Kenneth Clarke: review body status not automatic

Cloud hangs over the chancellor's 'delight'

Rachel Johnson examines the trends running beneath yesterday's drop in the RPI

YESTERDAY'S headline inflation news of a drop to 6.4 per cent in April's retail prices index, from 8.2 per cent in March, did not stir Mr Norman Lamont, chancellor of the exchequer, to sanction a consoling cnt in interest rates, even after a week of poor economic news and a by-election defeat for the Conservative party.

That decision was as unsurprising – given the series of warnings from the Bank of England – as the fall in inflation, which had been predicted for weeks.

Mr Lamont did say he was "delighted" with the drop. Some would call this an attempt to be tactful after his comment that the sharp rise in unemployment last month was "a price well worth paying" for the fall in the RPI.

In the end it was not clear whether April's 1.8 percentage point fall in the index – the largest in any month since January 1981 – was all that weeks of ministerial speeches promising "dramatic plummets" in inflation had cracked it up to be.

The City had hoped that the index would fall 2 percentage points to around 6.2 per cent – or even below that if retailers restrained from fully passing on to consumers the April VAT rise to 17.5 per cent.

Whatever the level of underlying inflationary pressures recorded in April, a drop in the index was inevitable following recent interest rate reductions, the inclusion of the poll tax in the index last April, and the 30 per cent reduction in the charge in the March Budget.

These reduced the housing component of the index by 6 per cent, the largest monthly drop since records began in 1914, pulling the index down by 1.16 percentage points.

There was much in yesterday's figures to support those who have argued for caution about future interest rate cuts in order to keep the lid on inflation.

The Central Statistical Office yesterday published five measures of inflation. The measure preferred by both the Treasury and the Bank – RPI excluding mortgage interest payments – fell to 6.8 per cent in April from 8.4 per cent; but the measure which also excludes the poll tax rose to 8.9 per cent from 7.3 per cent, the highest since May 1982.

The inflation picture is further muddied by the Budget measures and strong evidence that the rise in VAT has not been absorbed into retailers' slender profit margins. VAT applies to half the items which make up the RPI.

The CSO said the VAT rise had been passed on "very quickly". Even more ominously, the poll tax to VAT switch in the Budget had been used as a pretext for raising the prices of many goods and services by more than the 2.2 per cent needed to cover the rise.

The CSO said the main culprits were caterers, publicans and cigarette-sellers, some of whom have charged VAT over-and-above the regulation 17.5 per cent as well as on top of the Budget excise duties.

The rise in excise duties and VAT added 0.7 percentage points each to the April index. An average packet of cigarettes has risen to £1.89 from £1.70, while publicans have slapped the full 7 pence on a pint of bitter and lager and more on top, the CSO said. Prices for wines and spirits have increased in line with VAT.

Catering costs rose by an annual 11.3 per cent, alcoholic drink by 14.7 par cent and tobacco by 17.5 per cent in April.

In leisure services, there is evidence that businesses are charging much higher prices in spite of the weak state of domestic demand.

Over the month, leisure service costs rose by 5.4 per cent, more than double the 2.2 per cent needed to cover the VAT increase; petrol prices rose by 10.6 per cent; and prescription charges increased from £3.05 to £3.40.

All the evidence points to retailers slapping the VAT rise to their prices, but the CSO points out that it has not yet been applied to all goods and services. The immediate outlook for headline inflation is less than rosy.

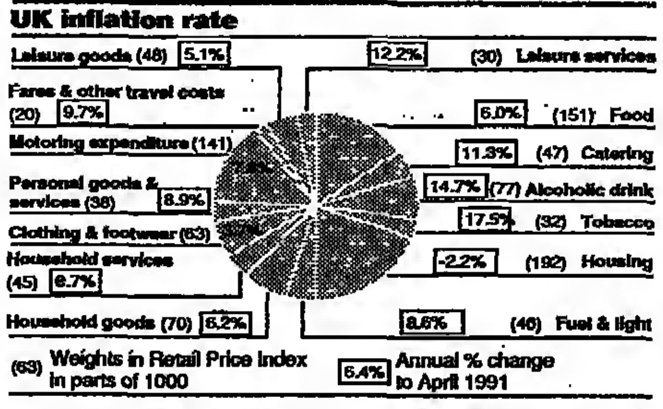
If all VAT increases were passed on in full, it would push the index up another 0.4 percentage points.

The rises have generally not yet been applied to household goods, with big retailers sucb as Marks and Spencer proclaiming "VAT-free zones" in their stores.

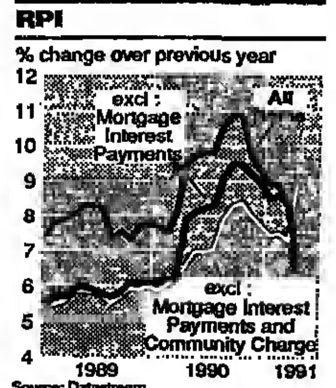
The evidence that the VAT switch gave retailers an excuse to review their charging practices will raise concern about the underlying trend in price rises – although this month's mortgage rate cut should help to bring down the inflation rate again by about 0.5 percentage points.

Apart from the VAT, officials warn that seasonal food prices are due to rise in May along with transport and utility costs.

UK inflation rate



RPI



Source: Datastream

BRITAIN'S public sector finances started the new financial year heavily in the red, although the April shortfall was less than the City had feared, writes Peter Norman.

Central Statistical Office figures showed that the pnblic sector borrowing requirement (PSBR) in April was £2.1bn, against City expectations of a £2.75bn deficit.

Last month's shortfall would have been much higher at £3.2bn in the absence of £1.1bn privatisation proceeds, which mainly reflected the repayment of debt by some of the electricity distribution companies sold by the government last year.

In spite of the large April borrowing, the Treasury yesterday said the government was on track to meet its Budget target of a £7.9bn PSBR for 1991-92.

The Budget reductions in poll tax payments have resulted in a substantial "front-end loading" of government borrowing this year.

The start of monthly poll tax payments has been delayed. In addition, Treasury officials said it may be July before government finances benefit fully from the Bndget increase in value added tax from 15 per cent to 17.5 per cent.

Court blocks Bond's claim against BSB shareholders

By Raymond Hughes, Law Courts Correspondent

A £150m damages claim by Mr Alan Bond's Bond Corporation Holdings against the four main shareholders in British Satellite Broadcasting (BSB) has been struck out by the High Court.

The claim related to Bond's unsnccessful attempts last year to sell its 34 per cent stake in BSB, which has since merged with Mr Rnpert Murdoch's Sky Television and become BSkyB.

Mr Justice Harman ruled yesterday that there was no basis for Bond's claim that the four – Granada Group, Pearson (publisher of the Financial Times), Reed International and Chargeurs – owed, and had breached, an implied contractual obligation of good faith towards Bond.

The four had applied to have the action struck out on the ground that it was "doomed to failure". Bond is to consider an appeal.

Tha jndge said that Bond complained that the four had broken the alleged obligation by not giving Bond reasonable time in which to sell its stake with the benefit (to any purchaser) of a rights issue that was a part of BSB refinancing arrangements in February last year.

Bond said that as a result it had suffered loss and damage.

The judge said he could see no implied duty of good faith in the elaborate and exhaustive agreements on which Bond sued. Nor was there any factual basis for the allegation of a breach.

Bond had been given extensions of time but had failed to sell within the time given and it was impossible to say that there should have been a further extension.

The jndge noted that the extension agreements entered into by Bond had included acknowledgements that it had no claims, a waiver of any claims, and a release of the four from any liability.

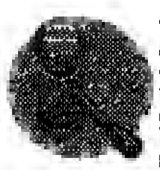
It was alleged, he said, that those agreements had been procured by economic duress. The truth was that Bond had been "bust" from November 1989 and not been able to take part in the financing arrangements.

"No doubt it was in a weak position but the four seem to have gone out of their way to assist the Bond group in every way they could," tha judge said.

The plea of economic duress was "an attempt to find a plank floating in the wreckage and cling to it, but there is no such plank," the judge added.

SALEROOM

Glittering success at jewels auction



THE LARGEST sapphire evar offered at auction – 337.66 carats – was bought at Christie's in Geneva on Thursday night by Sheikh Ahmed Hussan Fitaihi, a Saudi Arabian bueinessman, for £1.33m.

The stone had been mounted by Cartier aromnd 1910 in a diamond setting. Only one other sapphire has fetched more in the saleroom – a sapphire ring which made £1.61m in 1988.

The jewels anction was a great success, totalling £8.85m with only 6 per cent unsold. A diamond corsage, made by Cartier at the turn of the century, sold for £1.55m, twice its estimate.

In London the main lot at Sotheby's manuscript auction, Mahler's autograph draft of his 10th Symphony, including the last notes of music he ever composed, was sold privately before yesterday's auction for about £350,000.

The Badminton Cabinet is to leave the country. The temporary export stop on the baroque cabinet, made in Florence in the 1720s for the Duke of Beaufort, expired at midnight, and in spite of an appeal organised by the Fitzwilliam Museum in Cambridge, less than a third of the £8.7m needed to keep it in the UK was raised. Its new owner is Mrs Barbara Johnson of the US. Now the battle is on to save the Middleham jewel, a relic of the Wars of the Roses, which will go abroad unless £2m is raised to save it.

Antony Thorncroft

US Air Force to close two bases in Suffolk

By David White, Defence Correspondent

TWO MORE US Air Force bases in the UK are scheduled for closure as part of a series of cost-cutting reductions in overseas military facilities begun last year.

The USAF said yesterday it planned to remove all its A-10 "tankbuster" aircraft from the UK and to hand the Suffolk bases of Bentwaters and Woodbridge back to the Ministry of Defence by September 1993.

Withdrawal of more than 3,600 US military personnel and 150 US civilian employees, with some 5,000 family members, will start next year. The bases also employ abont 370 British civilians.

The 81st Tactical Fighter Wing, which has 72 A-10s at the two bases, is to be "inactivated" and the aircraft returned to the US. A further 36 A-10s of the 10th Tactical Fighter Wing are to be withdrawn from Alconbury in Cambridgeshire.

Under the reorganisation special operations squadrons based at Woodbridge and at Rhein-Main in Germany, equipped with modified C-130 transport aircraft and helicopters, are to be moved to Alconbury.

Closures announced last year included the Greenham Common cruise missile base in Berkshire and the Fairford airbase in Gloucestershire, even thongb these were "reactivated" in the Gulf war for use by B-52 bombers.

The cuts were followed in February this year by the surprise decision to close the US noclear submarine base at Holy Loch in Argyll.

At the same time, the US announced plans to withdraw its F-111 jets from Britain - based at Upper Heyford, Oxfordshire, and Lakenheath, Suffolk.

The two Suffolk bases are in the constituency of Mr John Gummer, the agriculture secretary, who said the effect on local employment would be "very considerable".

A report by the University of East Anglia's Economics Research Centre estimated that in 1987 US bases generated income of between £135 and £166m in East Anglia and created employment for between 11,000 and 13,000.

Ferranti may close telepoint operation

By Paul Abrahams

FERRANTI, the UK electronics group, may be forced to close its telepoint operations and abandon an investment of more than £25m, the company admitted yesterday. The move would confirm the dire state of telepoint which was supposed to offer a lighter, cheaper and more reliable mobile telephone service than cellular.

The gronp has told its 36 employees at Ferranti Creditpbone, a subsidiary owning 64 per cent of the telepoint company Zonephone, that tbey may be made redundant during the first week of June.

The employees have been told the future of Zonephone depends on the outcome of negotiations being conducted by Ferranti, which has been looking to sell Creditphone since last July.

Tbe telepoint industry, which comprises four consortia, has been caught between excessive competition and a shortage of customers.

Two of the consortia, Mercury Callpoint and Byps – owned by Barclays Bank, Phillps and Shell – have already attempted to merge but failed to agree terms last year. The other telepoint consortium, Pbonepoint, is jointly owned by British Telecom, Northern Telecom, the Deutsche Bundespost, France Telecom and Nymex.

Consolation for Tories that they did not do worse

Repetition of the Monmouth swing nationwide would put Labour in power, says **David Butler**

EACH of the major parties found some comfort in the Monmouth by-election. Labour was obviously delighted to win one of the three safest Conservative seats in Wales on a swing that, repeated nationwide, would give it a majority of more than 100 in the House of Commons.

The Liberal Democrats could find reassurance in doing better than the poll forecasts and defying the squeeze that those forecasts might have been expected to produce. Despite being an obvious third, they still bettered their 1987 vote.

For the Conservatives the consolation was that they did not do worse. Despite the polls, they came within 2,500 votes of saving the seat and the fall in their vote was less than in their recent previous disasters.

But this was the Conservatives' fifth successive by-election defeat. On the basis of Ribble Valley they would have lost every seat they have. On the basis of Monmouth they would only lose 170 of their 370 MPs.

However by-elections are not general elections. They have been deceptive pointers in the past.

A good result in Southwark led Disraeli to call the disastrous 1880 election. It was only a happy accident that prevented the misleading Hull figures, which prompted the 1966 election, from causing disappointment to Harold Wilson. The SDP triumph in Greenwich in February 1987 did not foreshadow any SDP advance in that June's election.

But it was wise of Mr John Major to indicate, before any results were available, that the Monmouth result, whatever it was, would not affect his decision on the timing of the next general election.

By-elections are jndged against expectations, not absolutes. The two Monmouth polls this week were universally accepted as decisive by party beadquarters and by the media. Labour's triumph seems almost tarnished because it was not as great as the forecasts had suggested.

Nationwide polls certainly don't indicate a Labour landslide. The latest poll of polls put Labour 2 per cent ahead of the Conservatives. They need a 5 per cent lead to secure a clear majority and on past precedents the party in power gains more often than it loses in the course of the general election campaign.

The Ribble Valley and Monmouth surveys showed that a significant number of people intending to vote Liberal Democrat in those by-elections could vote Conservative in a general election.

The election may come on October 10 but May 7 or June 11 1992 seem likelier dates. And with our volatile electorate, our uncertain economy and our two and three quarter-party system, all is still to play for.

Swing to the left: Huw Edwards, the winning Labour candidate in the Monmouth by-election, hopes his party nationally is on the up and up

BY-ELECTIONS IN TORY SEATS SINCE 1987

		Fall in Cons vote (%)	Winner
July 1988	Kensington	-5.9	Con
Dec 1988	Epping Forest	-21.4	Con
Feb 1989	Richmond (N Yks)	-24.0	Con
May 1989	Vale of Glamorgan	-10.5	Lab
Mar 1990	Mid-Staffs	-18.3	Lab
Oct 1990	Eastbourne	-19.0	Lib D
Mar 1991	Ribble Valley	-22.4	Lib D
May 1991	Monmouth	-13.5	Lab

Sounds from the valleys that never really waned

In the 1980s, Tories had reason to believe Labour was losing its grip on Wales, reports **Anthony Moreton**

THE Monmoutb by-election result ends the Conservative party's dream of building on its successes of the early 1980s and challenging Labour's dominance in Wales. If the trend in Monmouth, the second safest seat in Wales, were repeated in a general election, the Tories would be wiped out in the principality.

It used to be said that in the industrial valleys Labour votes were weighed rather than counted and what was left over went to the Liberals. Then in the 1983 general election, riding on Thatcherite euphoria, the aftermath of the Falklands conflict, the Labour party's internal troubles and the emergence of Dr David Owen's Social Democrats, Conservatives won 14 of Wales's 38 seats.

Tories gained four seats, including Cardiff West, where the popular Speaker of the Commons, Mr George Thomas, now Lord Tonypandy, had just stood down, and came close to winning others. For Labour, Mr Barry Jones, now shadow Welsh secretary, hung on by 1,368 in Alyn and Deeside; Dr John Marek had a fingernail lead of 424 in Wrexham; and Mr James Callaghan, former prime minister, scraped home with a 2,276 majority in Cardiff South and Penarth.

In fonr other constituencies, Labour's lead was less than 2,630; Plaid Cymru, the Welsh nationalists, had a majority of 2,643 in one seat; and in Montgomery, the Liberal QC Mr Alex Carlile was just 668 clear of the Conservative candidate.

With 14 seats and eight potential gains, it was felt that at the next general election Conservatives could win most of the Welsh seats.

The 1987 general election saw the Conservatives losing six seats and Labour, instead of being marginalised into the industrial valleys with wasted majorities of over 20,000, returned as the dominant force.

As incoming secretary of state, Mr Peter Walker was determined to show that his brand of liberal conservatism could win votes. He revamped the party machinery and for a while the Walker enthusiasm spread into the constituencies.

Nevertheless, matters deteriorated. Last year the party lost the Vale of Glamorgan seat it had held since 1951 and now Monmouth, Conservative since the 1930s apart from 1966-1970, has also gone. Three of the six constituencies that remain Conservative are highly marginal: Delyn with a majority of 1,224; Cardiff Central with 1,986; and Conwy with 3,024. Pembroke has an unenviable 5,700 and at least one of the remaining two, Cardiff North with 8,234, is vulnerable. Only Clwyd North West, wbere Sir Anthony Meyer has been deselected for his liberal views, has a majority in five figures – 11,781.

The Walker reforms appear to have backfired. In the run-up to the Monmouth by-election, while Labour's campaign hummed with excitement and press releases were churned out by the hour, gloom pervaded the Tory office. Early in the campaign, the constituency agent did not know which ministers would come to help the candidate. There is still a Conservative vote in Wales, but if Labour continues to do well nationally, the coming election could see the party reduced to its smallest number of Welsh MPs for half a century or more.

THE BLUE ARROW TRIAL

Advice did not include indemnity to cover shares, says solicitor

By John Mason

LEGAL advice given to County NatWest directors a week before the 1987 Blue Arrow rights issue did not cover the question of any indemnity to cover shares taken by marketmakers, a solicitor told the Blne Arrow trial yesterday.

Mr Nigel Campion-Smith of Travers, Smith, Braithwaite – a prosecution witness – said the issue was not raised at the meeting of September 23 which had been called to discuss how County could handle a rump of unsold shares without making disclosures under the Companies Act.

Questioned by Mr Nicholas Purnall QC, prosecuting, he denied having ever discussed with Mr Nicholas Wells, a former County director and one of the defendants, any difference between a formal, written indemnity and one that was not in writing. He denied he would have advised an unwritten agreement was within the terms of the act.

County NatWest, NatWest Investment Bank, UBS Phillips & Drew Securities and seven individuals all deny conspiring to mislead the markets over the ontcome of the £837m rights issue.

Mr Campion-Smith had earlier agreed with Mr Roy Amlot QC, for Mr Alan Keat, a partner in the same law firm and another defendant, that both he and Mr Keat had thought an indemnity was likely to jeopardise the marketmaker's exemption from disclosing holdings.

Mr Amlot then pressed him on advice Mr Keat had given over the parent bank's obligation to announce a disclosable holding of 5.13 per cent.

Mr Campion-Smith agreed there was no question of his partner advising that the holding could be ignored.

Mr Martin Gibbs, a former director of Phillips & Drew and another defendant, was also warned by his solicitor that any shares bought by marketmakers had to be taken in the course of their business if the jobbers exemption were to apply, the court heard.

Mr Derek Sloan, a solicitor with Allen & Overy, also said that in approving the indemnity offered by County to UBS to cover its tranche of shares, he had consulted with Mr Keat.

"Since the proposal was being put forward by his clients, it was up to him to explain why it was acceptable within the terms of the Companies Act," he said.

The trial continues on Monday.

Tests show rise in HIV-infected women

ONE in 500 pregnant women attending ante-natal clinics in central London last year was HIV-positive, according to government figures released yesterday, writes Neil Buckley.

Another survey, published *yesterday in the Lancet, found* that 18 out of 4,106 women who gave blood for rubella testing at St Thomas's Hospital in London last year were HIV-positive, compared with only two out of 3,760 women in 1988.

Sir Donald Acheson, the government's chief medical officer, said the figures "reinforce our earlier messages that HIV and Aids is increasing in the heterosexual population and is a *problem which faces us all*".

The governmant figures showed rates of HIV-infection in women attending ante-natal clinics ranged from one in 1,111 in Islington, to one in 220 women in Newham. The overall average was one in 526. Outside London, only one test in 16,000 was positive.

Life assurance companies were yesterday examining the figures but most said it was too early to say whether they might prompt changes in questionnaires and testing requirements for those applying for policies, or in the level of premiums.

Top fund management group fined

MERCURY Asset Management, the UK's largest fund management group, was fined £50,000 yesterday and ordered to pay half as much again in costs by the Investment Management Regulatory Organisation (IMRO), David Lascelles writes.

IMRO said Mercury had failed to keep proper records of its clients' Personal Equity Plan (PEP) accounts, although it gave no details. IMRO said Ernst & Young, Mercury's auditors, had confirmed that the problem had been corrected and all errors rectified.

N Ireland talks in abeyance

THE TALKS initiative of Mr Peter Brooke, Northern Ireland secretary, was in abeyance last night with no indication of whether the province's non-unionist parties would attend "round-table" negotiations planned for Monday in Belfast.

The nationalist Social Democratic and Labour Party, the Alliance Party, and the Irish government were still seeking details of a deal struck by unionist leaders at a meeting on Wednesday.

Utility chief stays on

MR TONY HADFIELD, chief executive of Northern Ireland Electricity, the public utility scheduled for privatisation next year, is staying with the organisation, it was announced yesterday.

Doubts on accident compensation plan

By Robert Rice, Legal Correspondent

GOVERNMENT proposals to enable road accident victims to claim compensation without having to prove fault would lead to a substantial increase in motor insurance premiums, according to insurers.

Mr Peter Bell, head of private motor insurance business at Prudential, said it was too early to say precisely what effect such a "no fault" scheme would have on premiums.

"If the whole burden of funding the scheme fell on insurance companies, premiums would have to rise quite substantially. There is a tendency for the cost of these schemes to be underestimated," he said.

Lord Mackay of Clashfern, the Lord Chancellor, has proposed a "no fault" protection for claims between £250 and £2,500.

They would cover an estimated 2,200 of cases of personal injuries annually. Accident victims would still have the right to take legal actions for higher claims and the scheme would not cover damage to vehicles.

The Lord Chancellor's proposals have been received cautiously by the insurance industry. Mr Paul Asplin, of the specialist legal expenses insurer DAS, said they left unanswered many questions which had arisen in New Zealand, where the cost of running a similar scheme - £65 per head of population each year - is covered by the road fund licence and motor insurance.

Within the £250-£2,500 limits of the scheme, there would still be arguments about how much compensation should be paid, he said. Medical reports and expert evidence would be required to prove entitlement to compensation.

Victims would almost certainly need advice from a solicitor who knew the going rate for specific types of injury.

All these aspects would all cost money and it was not clear from the Lord Chancellor's proposals how this would be dealt with, according to Mr Asplin. Snch schemes also required a lot of administration, he said.

One possible solution was to make legal insurance a compulsory element of motor policies. That in itself, however, would lead to more claims being met each year by the insurers and more expensive motor premiums.premiums.

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A government of amateurs

THE GOVERNMENT is in a trap of its own making and oot *all the exits are under its control.*

Crucially, Mr John Major cannot do much more than hope that the ecooomy will improve in time for an election thst must be held hy next June, although be can take a view on the most propitious date for a contest. What he can do a great deal about is establishing a coherent set of policies for the 1990s and improving their presentation. That is a joh only the prime minister can do, but he will not get it right until he shifts the weight of his thinking away from fretting about tbe unity of his party and towards the imperatlves of a general election. Unless he does, he will lead a united party into opposition.

The story hegins in 1987 when the Conservativea *allowed themselves to believe* that after a third election victory they were invincibie. This fatal hubris persisted until the spring of 1989, thus straddling the year 1988. That was the year in which misjudgements on monetary policy and, to e lesser degree, the hudget knocked the economic cycle ont of its previous synchronisation with the political cycle. It has therefore become necessary to hold hard against inflation, even at the cost of a severe recession, during the run-up to an election.

To his credit, Mr Major has not funked this challenge. He bas maintained high interest rates at a time when lesser men might have chosen to cut and run. He nudged Britain into the exchange rate mechanism at a ievel that many thought would lengthen the recession. The suhaequent series of half-point interest rate cuts bas been managed without damage to sterling or the government's credihility. The Tories may reap a political reward in the form of lower headline increases in the retail price index, as demonstrated yesterday, hut at the price of increasing unemployment.

Professional opposition

But the trap is also political. The complacency of 1987-89 has heen replaced by a nervous anxiety, e sense of fevered amateurishness, that is all the more striking for the political professionalism of the Labour opposition. Labour shed its unpopular policies on unilateral disarmament and nationalisation before the Conservatives shed an unpopular leader and sank the poll tax, but there the resemhlances end. The Labour party reformed itself in time to spend the past two years peddling an increasing array of hrightly packaged policies; the Tories, hruised and perhsps exhausted hy the events of the past two years, eppear to be adrift, without an overall strategy, with not a clue as to how to bring their policies into a coherent form and convince the public thet they are right.

Tory gaffes

Thelr gaffes continue to astound. The chancellor of the exchequer, Mr Norman Lamont, might have stressed the ultimate henefits of the squeeze; instead he chose to appear nncharacteristically heartless hy intimating that the recession and high unemployment constituted a price well worth paying. The chairman of the Conservative party, Mr Christopher Patten, might have made sure, during the Monmouth hy-election, that the government'a policies on the reform of the National Health Service were properly understood; instead he chose, with the prime minister and the health secretary, to take part in a concerted denunciation of Lahour's misleading pamphlet by denouncing what Mr Major called a "carefully prepared, carefully scripted lie". That leaves the Conservatives open to the charge of whingeing because they lost a previously safe seat. Once again the considerable merits of the NHS reforms have been obscured by a bun-fight.

What Mr Major has to grasp is that it is not good enough to be liked by the puhlic. Sitting in Downing Street and waiting for the economy to pick up will not by itself ensure an election victory, even if the indicators do become more favourable to the government than they are today. Putting out a few white papers settlng out policies already technicolour-papered hy the opposition will not do it. The then Sir Alec Douglas Home tried much this strategy in 1963-64 and although he nearly won, he lost.

What is required is proper generalship. In Mr Neil Kinnock Lahour clearly has a political commander-in-chief of some skill; at the very least he has assembled a team of clever snbordinates. Having nothing else to do hut rehearse for election campaign year, they have now emerged as a troupe of seasoned professionals. Every contingency, every likely government gamhit, has been thought of and the answer prepared in advance. The party leader has been presented as a *serious contender for the prime* ministership, the City has been wooed, the public served policies thet market research suggests it will like. In short, Lahour gives the impression that it knows exactly what it is doing. Mr Major and his team look lost.

Hanson's raid on ICI has come as a rude shock to the club of international chemical groups, say Clive Cookson and Tony Jackson

An institution under threat

This week's raid by Hanson on Imperial Chemical Industries has obliged the London markets to think the unthinkable: that Britain's biggest manufacturing company could be taken over and hroken np.

ICI is not merely an institution, it is one of the very few UK manufacturing companies to hold its own on the world stage. Last year, the UK had a trade deficit in manufactured goods of £13.7bn. In chemicals it had a £2.4bn surplus. Suppose Lord Hanson were to take charge of ICI: what on earth would he have to contribute?

If it were left to public opinion and ICI's 132,000 employees worldwide, the matter would doubtless rest there and the company would be left as it is. The snag is rather with the company's owners. ICI's profits performance has heen patchy and cyclical. Its attempts to reshape itself have been largely ineffectual in the latest downturn. More fundamental to the present dehate, its share price is in long-term decline. Since 1965, ICI has underperformed the UK market by 60 per cent.

There are some perfectly good reasons for this. Most importantly, ICI's problem is one of the chemical industry as a whole. The leaders in industrial chemicals – ICI, Du Pont and the three German giants Hoechst, Bayer and BASF – have been around for over a century in one form or another. Their growth has come in hursts, based on a handful of hugely profitable new prodncts: synthetic dyestuffs, alkalis, plastics.

But all these inventions date back at least half s century. By the end of the 1960s even growth in plastics had started to level out. Since then, the industry has failed to come up with anything new on remotely the same *scale. Growth has* passed to pharmaceuticals; and though ICI and most of its rivals play e significant role in that industry, they have failed to dominate it in the old way.

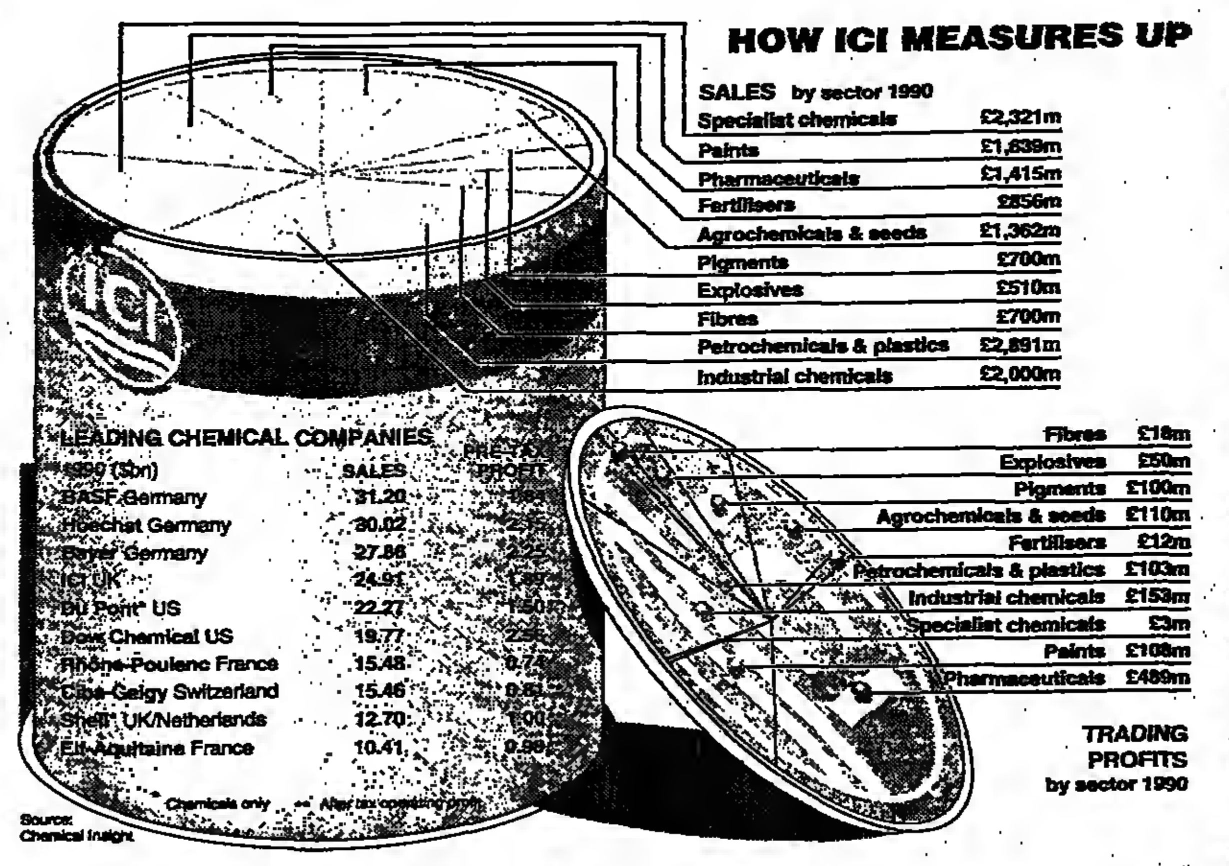
Such excuses are of limited relevance to ICI's shareholders. In its peak year of 1989, the company made net profits after tax of £930m. Adjusted for UK inflation, that is precisely the figure achieved in the previous cyclical peak year of 1979. In the course of that decade, the UK economy grew hy almost a quarter. In relation to the world around it, ICI is shrinking. It is little consolation to its owners to know that the competition is no better off.

As perhaps the most traditional of the world's manufacturing sectors, the chemicals industry operates somewhat like a friendly international club – though the members insist that in their business practices they no longer act as a cartel. (The EC competi*tion directorate does not agree and it* found last December that ICI and Solvay, the large Belgian chemical concern, were operating an illegal cartel in soda ash, an important bulk chemical; the two companies have appealed against the Ecu47m (£32.6m) fine).

The corporate structure of the industry has changed remarkably little over the past 40 years. Chemicals remains firmly dominated by Europe and the US, with little sign of global competition from Japan. Not suprisingly, executives at other international chemical groups are shocked at the prospect of a hid for – and possible dismemberment of – the fourth-largest member of the club.

The only recent hostile move to take over an international chemical company came in the mid 1980s. Then Unlon Carbide fought off an opportunistic hid by GAF of the US in the wake of the Bhopal tragedy, but at a high price. The company sold off husinesses and went heavily into debt in order to pay a special dividend. Tha experience has left Union Carbide as one of the cluh's weakest members.

The other companies operate on similar principles to ICI. They all believe that there is value in comhining within one group a wide diversity of businesses based on chemistry.



Source: Chemical Insight

In ICI'a case, the businesses range from drugs to plastics, paints to explosives, plant seeds to genetic tests. In all tha company make 15,000 different products. The vast majority are sold to industrial customers in every sector of manufacturing.

There is a deeply held belief in large chemical companies that there *are technological, managerial* and financial advantages in running so many businesses in one large group. But few in the industry can spell out clearly what the synergies are or give practical examples.

Take pharmaceuticals, the jewel in ICI's crown, which could perhaps fetch £6bn if Hanson were to break up tha company. Most large European chemical groups are trying to expand their pharmaceutical interests; indeed Solvay has scheduled a press conference next Tuesday at which it is expected to announce a significant new venture in pharmaceuticals.

The chemical companies see health care as a means of giving industrial and financial balance to their husiness portfolios. Pharmaceuticals are virtually immune from the husiness cycle that plagues hulk chemicals, and most drugs companies are growing strongly during the current recession. On the other hand, pharmaceuticals are a high-risk, high-reward business. It requires heavy spending on research and development and can end in long-term failure.

But there is an alternative model: the self-contained pharmacentical company exemplified hy Glaxo, the UK'a greatest industrial success story of the last decade. *Glaxo has systematically* stripped itself of all peripheral activities and concentrated on discovering, developing and marketing drugs. The other top international pharmacentical companies – Merck, Bristol-Myers Squibh and SmithKline Beecham – also operate outside the traditional chemical industry.

Sir Denys Henderson told a lunch *for institutional investors on Thursday* that ICI would be a much weaker company without its pharmaceutical husiness. In practice, however, ICI Pharmaceuticals operates virtually independently from the rest of the group at its base near Macclesfield in Cheshire. Outside the UK, ICI Pharma also maintains separate offices and development and marketing teams.

In other European chemical groups with successfni drugs husinesses, such as Bayer, Hoechst and Ciba-Geigy, there is a similar distance between the pharmaceutical operation and the rest of the company. People in the drugs husiness sometimes look down on the rest of the group as a low-tech drain on their resources, while the others see those in pharmaceuticals as arrogant prima donnas.

Clear examples of scientific synergy are rare. One is a Bayer drug for fungal infections such as athleta's foot which Beyer agrochemicals developed into e best-selling fungicide for crops. Even so, Sir Denys says ICI biotechnologists are "always exchanging molecules and ideas between pharmaceuticals and agrochemicals".

At the heavy end of the industrial scale – petrochemicals and plastics – there is also an alternative model to the *all-round chemical* company. The oil companies have invested heavily in petrochemicals over the past 20 years, as they diversified downstream. Shell and BP Chemicals give the UK petrochemical plants and technical expertise to match anything in ICI. Indeed Shell is now the world's largest petrochemical producer.

Even so, the chemicals industry insists that there are *strong* advantages in maintaining a company with managerial, technical and marketing skills as hroad as ICI's. Most important, it helps to recruit the best science graduates. Even in Germany, Sir Denys says, ICI can recruit successfully in competition with the trio of local chemical giants "becanse of its world-class reputation".

ICI's international reputation is certainly an advantage as it expands into the fast-growing chemical markets of the Asia-Pacific region. ICI has devoted hundreds of millions of pounds and a great deal of managerial effort to huilding np its reputation in Japan as a reliable long-term partner for the world-beating Japanese motor and electronics industries – and that might be vulnerable after a Hanson takeover.

So sensitive are the Japanese to corporate image that ICI's local staff were ahocked a few years ago when the company considered selling its prestigious headquarters on Millbank, close to the Houses of Parliament. "Our customers just wouldn't understand the company selling its London headquarters and moving somewhere cheaper, whatever the financial benefits," said one.

ICI is also admired on the Continent – and particularly in France, where it is a model for Rhône-Poulenc's current expansion programme designed to build the French group into one of the world's top five chemical companies. "Will I be still be able to describe Rhône-Poulenc as the ICI of France?" asked a Rhône-Poulenc executive this week.

But is a glowing reputation in a declining industry sufficient reason to keep ICI independent in its present form?

Sir Denys and his flamboyant predecessor Sir John Harvey-Jones have already led a considerable reshaping of ICI. It is financially stronger, far more international and less dependent on cyclical bulk chemicals than 10 years ago. Their opposite numbers at the world's other chemical giants have pursued similar strategies with similar results.

In the early to mid-1980s ICI had ambitions to get out of bulk chemicals altogether. But the unexpectedly strong performance of the commodity businesses during the chemicals boom of 1985-88 seduced the board into keeping many of them.

At the same time some of the new "higher value added" activities on which ICI had pinned a lot of hope for future growth, such as advanced materials and high-performance films, ran into technical and commercial difficulties. That deepened ICI's reluctance to move quickly out of its traditional activities.

Disappointment with ICI's performance in the current recession prompted Sir Denys to launch a new restructuring programme earlier this year, when he announced the 38 per cent fall in 1990 pre-tax profits to £977m. The group is to focus more selectively on its global strengths and will close or sell businesses in which it is not competitive.

So far the only practical sign of this strategy is the closure of a £40m plastic films plant in Brazil. But the management promises that several more steps will be announced over the next few months. A strong candidate for disposal is ICI's high-technology venture in advanced materials, which has not lived up to the high hopes of the 1980s.

One problem for Sir Denys is that, however much he may protest that he was merely implementing a plan agreed before the Hanson raid, some critics – in the unions, for example – are bound to accuse him of succumbing to pressure for more ruthless action. And from the other side, shareholders will be urging him to accelerate the plan in order to save ICI.

At the same time the company will be preparing to fight n propagande battle for the hearts and mir:'s of the *British people. According to opinion* polls many of them see the chemicals industry, epitomised by ICI, as a pollnting monster.

Another difficulty for ICI's reputation is that it sells very little directly to consumers – even less, after the sale a year ago of its over-the-counter medicines husiness to Ciba-Geigy. Home decoration enthusiasts may see the ICI roundel on their Dulux paint and gardeners on their rose spray, but most people have no personal experience of the industrial importance and variety of ICI prodncts.

As a result, it may be hard for ICI to convince those not directly involved about something as nebulous as its significance as a great depositary of expertise in industrial chemistry.

At bottom, ICI management has been struggling with the same probiems as the other international chemical giants which bave dominated the industry for many decades. Broadly speaking it has fared no worse than its leading competitors.

If Hanson tries to take over ICI and succeeds, it will be the first challenge to the philosophy thet the old-fashioned chemical conglomerates are best equipped to control the world *chemical industry.*

MEN IN THE NEWS

Hans Tietmeyer
Helmut Schlesinger

Two true believers with tight money as their goal

By David Marsh

To do his compiex joh well, the presldent of the Bundesbank needs to be a monetary high priest who wears an assortment of robes. Mr Karl Otto Pöhl, who *announced his resignation* as head of the German central bank this week after 11¼ years in the job, combines the necessary attributes of technocrat, politician, diplomat and public relations performer.

At first sight either of the two fevourites to take over from him, Mr Hans Tietmeyer and Mr Helmut Schlesinger, offers a narrower range of qualities. Mr Tietmeyer, the 59-year-old Bundesbank directorate member for international affairs, who is slightly ahead in the stakes to succeed Mr Pöhl, and Mr Schlesinger, aged 66, the vice-president, are conservatives with strong credentials. Neither has anything like the talent for occupying the headlines as the mercurial Mr Pöhl. But they certainly possess the right characteristics to con*tinue steering* the Bundesbank on its antl-inflationary course through the turbulence engendered by German unification.

Within the next few weeks the Bonn government is expected to choose which candidate will take over when Mr Pöhl leaves at the end of October. Chancellor Helmut Kohl has hinted at the possibility of e third candidate, hut this is thought highly unlikely.

One experienced member of the policy-making central bank council, speaking after the emotional meeting on Thursday at which Mr Pöhl announced his reasons for leaving, said the two men were almost aqually well-qualified. "Both are of the highest intelligence and experience and enjoy the greatest respect."

Tipping the scales in Mr Tietmeyer's favour is his age. Mr Schlesinger, only 16 months away from the Bundesbank's normal retirement age of 68, has been a member of the central directorate since 1972, and first joined the Bank Deutscher Länder, the forerunner of the Bundesbank, in 1952.

Mr Schleainger haa heen Bundeshank vice-president under Mr Pöhl since 1980. Although Mr Pöhl and Mr Schlesinger would never dream of calling each other hy the familiar *Du*, they have overcome initial differences and work well together. Speaking of the choice facing the government, the council member said: "Selecting Schlesinger would be a reward for his services. Choosing Tietmeyer would be looking more to the future."

If Mr Tietmeyer, a member of Mr Kohl's Christian Democratic Union, gets the joh, there will be some parallels to Mr Pöhl's own career path. Both men were previously state secretaries in the finance ministry before joining the central bank. Mr Tietmeyer moved to the Bundesbank at the beginning of 1990. Underlining his still relatively junior status, he sits at the foot of the large table on the 13th floor, around which the Bundesbank council holds its meetings every other Thursday.

Mr Tietmeyer has already left his mark. The hardline paper on European Monetary Union, puhlished hy the Bundesbank last September, warning of "considerable risks to monetary stability" of a quick move to Emu, was drawn up by him.

Mr Schlesinger, who for years has enjoyed the reputation of the supreme purveyor of monetary orthodoxy on the Bundesbank board, has also left no doubt where he stands on Emu. He said several times last year that Germany did not have the time or energy to push forward both German and European monetary union at once.

The style of the two possible successors is quita different from that of the laconic Mr Pöhl, who has never lost an engaging and un-German irreverence. All three come from humble families. Mr Schlesinger, from Bavaria, has a far softer approach than Mr Tietmeyer, a robust Westphalian. Although an approachahle man with a taste for debate, Mr Tietmeyer has steel in his eye, even when he is at his most jovial. He grew up in a Prussian-Catholic family of 11 children, studied theology and still carries a Jesuitical air.

Mr Tietmeyer is famed and feared as a negotiator, both in Germany during his seven years as Bonn state secretary and on the international circuit, where he was one of tbe "sherpas" preparing the industrialised countries' summits during the 1980s.

One Enropean central banker who knows Mr Tietmeyer well says he can be "rough, tough and narrow-minded". The central banker says that, in contrast to Mr Pöhl, who likes to smooth over differences, Mr Tietmeyer can be "quite unpleasant". He adds: "He is a believer. I am a bit afraid of him. You need a bit of agnosticism."

Both Mr Tietmeyer and Mr Schlesinger have for years been familiar figures at the Organisation for Economic Co-operation and Development in Paris. Mr Tietmeyer's attention to detail and workaholic nature are somewhat reminiscent of Mr Otmar Emminger, Mr Pöhl's predecessor.

One senior OECD official, talking of Mr Tietmeyer, says: "I am tremendously impressed. But there are minuses in terms of entertainment value. He tends to go on a lot." The official underlines Mr Tietmeyer's pivotal position in helping to forge the overall anti-inflation consensus among industrialised countries during the past 10 years. "There is e certain religious fervour in what he says. But in terms of the rhetoric, he was ahead of the game. We are all Tietmeyerites now."

Mr Schlesinger both benefits and suffers from an unyielding image. Another Bundesbank council member, speaking this week, said Mr Pöhl often changed his mind. Mr Schlesinger "has never done this", he said.

Neither Mr Tietmeyer nor Mr Schlesinger would be hullied by the Bonn government into easing the Bundesbank's traditional tight money line. So the Bundesbank's famed independence seems in good hands.

Although no one doubts Mr Tietmeyer's anti-inflation zeal, be is more prone to take an understanding line over the government's macroeconomic prohlems than either Mr Pöhl or Mr Schlesinger. Mr Tietmeyer was chosen by the chancellor – at Mr Pöhl's behest – as Mr Kohl's personal adviser on introducing the D-Mark into east Germany last July.

Mr Tietmeyer was closer to the discussions on German fiscal policy last year than any other Bundesbank man. He has refused to join general criticism of the government's delay in deciding tax rises.

Mr Kohl is undoubtedly close to Mr Tietmeyer. But, if the chancellor wanted to underline the Bundesbank'a autonomy, he could select Mr Schlesinger as interim president, leaving Mr Tietmeyer to take over the reins in full in two years. Whatever the decision, Mr Tietmeyer, the rongh-hewn missionary, ia clearly the Bundesbank's new strongman.

BR treads an uneasy line

Plans for a £3.5bn high-speed route from London to the Channel tunnel are proving as troublesome as ever, says Richard Tomkins

Railway construction is a lost art in Britain. No main line has been built since the Great Western & Great Central Joint Railway from London to Princes Risborough in Buckinghamshire opened in April 1906.

Small wonder, then, that the construction of a £3.5bn high-speed line between London and the Channel tunnel is proving troublesome. Yet, it could be argued, the four years that have elapsed since the line wae first mooted is long enough to have thrashed out a solution.

As things stand, the Channel tunnel, due to open in June 1993, will be accompanied by the inauguration of a two-speed railway service between London and the nearest continental capitals, Paris and Brussels.

On the French side, high-speed trains will run on purpose-built tracks at speeds of nearly 200mph; but on the British side, where no special tracks are yet being built, they will mingle with commuter trains on the heavily congested lines of south-east England, never exceeding 100mph.

The potent image of a journey from Paris to London is that it will be like travelling by Concorde as far as the tunnel, then changing to horse-and-cart. Such comparisons have helped persuade the UK government of the case for a high-speed line on the British side, too.

The commitment, however, is proving easier to utter than to fulfil. Unlike north-west France, south-east England is densely populated. People do not like having railway lines built near their homes. If they accept them at all, they demand costly measures to make them as quiet and invisible as possible.

Thus, the route to the tunnel first proposed by British Rail in 1987 provoked uproar in the Tory heartland of Kent. With costs soaring as BR tried to make the line more environmentally acceptable, the government invited a private sector consortium to take the project over.

By last year, the consortium had discovered what BR already knew: that the project would never deliver an adequate return unless the government helped foot the bill for constructing it. Its request for state aid was angrily turned down by Mr Cecil Parkinson, then transport secretary, who handed the project back to BR.

Mr Parkinson's successor, Mr Malcolm Rifkind, now has to take a decision on BR's fresh proposals for a line. In doing so, ha is likely to find that none of the fundamental problems has gone away.

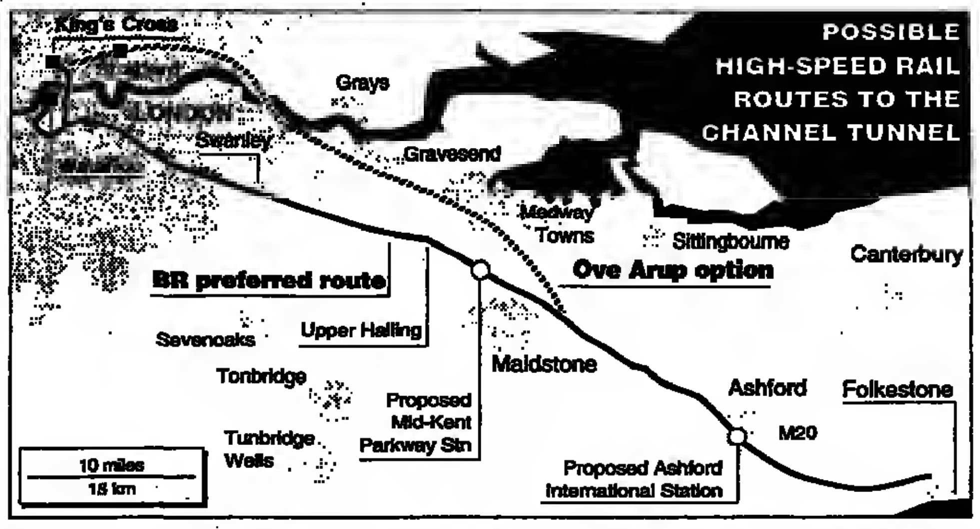
The route preferred by BR, it seems, is similar to the one originally proposed. From the Channel tunnel mouth at Folkestone, it would follow the route already fixed through east Kent, running close to the M20 before veering away near Maidstone and entering a tunnel under the North Downs through a disused chalk pit at Upper Halling.

Emerging on the other side of the hills, the line would meet the existing line at Swanley, where its two tracks would run alongside the four Network SouthEast lines at surface level.

The line would follow the existing tracks through Chislehurst and Elmstead Woods to Hither Green in south-east London, where it would enter a new tunnel taking trains into the planned international terminus at King's Cross.

Not all the trains, though, would go to King's Cross. An underground junction would be built at Warwick Gardens, by Peckham Rye station, where a spur would take some trains back on to the existing network at surface level. This would enable international expresses to continue using the Waterloo terminus, which will serve Channel tunnel trains until the high-speed line is built, in addition to King's Cross.

The new plan would trim some costs from the original 1987 scheme by increasing the proportion of surface-level running, notably between Hither Green and Swanley. Even so, at £3.5bn it would remain a very expensive project, delivering returns too small to interest the private sector. The line would, therefore, almost certainly be built by British Rail itself, using government loans.



One obstacle is that Section 42 of the Channel Tunnel Act prohibits government subsidies for Channel tunnel rail services. The line must, therefore, be profitable. So it has always been BR's plan to maximise the potential of the project by using it for commuter services as well as international trains.

The fragility of the financial case for the link suggests that the potential commuter benefits may have to be stressed to the point where they begin to predominate. Although it has long been envisaged that the line would be used to speed commuters from Ashford and the Kent coast into central London, BR is thought to be suggesting thet trains from Tonbridge and Sevenoaks could also feed into the line. In addition, it may use the Warwick Gardens spur to take commuters to a wider range of destinations at the London end – for example, to Victoria and Waterloo, or conceivably up the Thameslink line through the City.

Even with the extra fare revenues from commuters, the line would probably struggle to deliver a return acceptable to the Treasury. But by building it as a commuter railway, a path would be opened for the government to pay a grant towards its construction in recognition of the wider social and economic benefits it would bring, such as shorter commuting times and congestion relief. This would allow it to subsidise the building costs without contravening the Channel Tunnel Act, thereby bringing BR's rate of return closer to the 8 per cent level normally required by the Treasury.

Constraints on public spending, however, suggest that the Treasury would be unenthusiastic about this proposal even if the Department of Transport accepts it. Does Mr Rifkind, then, have any alternative?

One option would be to choose another route. In recommending its own preferred line, BR has rejected three other suggestions. Ove Arup, the consulting engineering group, suggested an eastern approach to King's Cross through Stratford. The Rail Europe consortium, a group of companies led by US bank Manufacturers Hanover and Bechtel, the American firm of consulting engineers, also wanted an eastern approach, but terminating at Stratford; and the London borough of Newham wanted a Stratford terminus reached by BR's southern approach.

Probably, the routes terminating at Stratford can be ruled out on the grounds thet few would wish to start or finish their journeys there. But the Ove Arup option is attractive. The cost is thought to be about the same as BR's; it is less environmentally intrusive; it recognises the development potential of the east Thames corridor and London's Docklands; and it offers better opportunities for development as a freight route.

What is not clear, however, is how Ove Arup's financial case stacks up. Its line passes through more thinly populated areas, but for precisely thet reason, it does not capture the commuter benefits that underpin the financial case for the BR route.

Ultimately, it seems likely thet the method of funding rather than geographical logic may determine the route. The irony, it appears, is that only by driving the line through the areas where it will be most intrusive – that is, those with high population densities – can a sufficiently attractive financial case can be made for constructing it.

Another option, however – and one likely to appeal to the Treasury – is to abandon the project altogether. Aside from a loss of national prestige, would it really matter?

For several reasons, it could. BR's justification for putting commuter trains on the high-speed line is not just to fudge the financial case. The existing network is congested to the point where BR envisages it will be unable to cope with further traffic growth by 2000. If the high-speed line does not appear by then, something else will have to be built in its place.

A similar argument applies to international services. BR has consistently maintained that existing lines to the coast simply cannot accommodate the forecast growth in international passenger traffic beyond the end of the decade. If no alternative route appears by then, the British government could find itself heading for an ugly diplomatic row with the French, who would be unable to use the full capacity of their own FFr16.2bn (£1.6bn) high-speed line.

It is still unclear whether the government will produce a decision on the line before parliament's summer recess. But time is pressing. Even if the government approved the construction of the line tomorrow, it would not open until, at best, 1998. Meanwhile, thousands of people's homes are blighted by the continuing uncertainty. Political pressures, if nothing else, argue not just for a quick decision, but for a conclusive one.

Paying the price for trust

Philip Stephens on the political impact of health reforms

The Conservatives never have and perhaps never will win friends among the voters for their approach to the health service. Through the tumultuous shifts in British politics since its inception in 1945, the electorate has clung tenaciously to the view that Labour is the natural guardian of the National Health Service, the Conservatives its resentful stepfather.

So in one respect, the cacophony of ministerial claims yesterday that Labour had stolen victory in the Monmouth by-election with a campaign of lies about the Conservative NHS reforms was hardly surprising.

But it also marked a tacit recognition of a ghastly political mistake: the introduction in the year before a general election of a system which exposes the unfairnesses and financial strains which have always beset the NHS.

As one senior minister conceded, ths strategy yesterday was to "nail" in advance of the general election the "lie" that the internal market introduced last month to shake up the NHS was part of a hidden agenda to privatise it.

The reasoning was simple. If Labour's claim that the introduction of a simulated internal "market" in health care was a prelude to privatisation could be discredited now, the issue could be defused before the election campaign.

There is genuine anger also at the opposition's campaign in Monmouth to show that the "trust" status offered to NHS hospitals was a cover for them to opt out of the state system.

Ministers concede that when Mrs Margaret Thatcher was at Number 10, there was a grain of truth in the allegation that ths NHS was regarded as an expensive safety-net for those who could or would not pay for private health care.

That changed last autumn. Ministers are adamant that whatever hidden agenda Mrs Thatcher may have had – and she did not admit one even to her closest colleagues – Mr Major's stance on the NHS is clear. He wants to make it more efficient and effective. He has promised to fund it generously.

But the less-than-persuasive public performances in recent days of Mr William Waldegrave, the health secretary, have underlined how – whatever their aim – the NHS reforms have undermined the prime minister's case.

If the accusations of lying succeeded yesterday in drowning out some of Labour's victory cheers, there are still those in the cabinet who fear that the NHS could prove as damaging to Mr Major as the poll tax was to his predecessor.

Mr Waldegrave cannot be made a convenient scapegoat. Described by an aide as a "thoughtful toff", his haughty debating style and his disdain for political street-fighting have left him vulnerable to the incisive attacks of Mr Robin Cook, the Labour health spokesman. But Mr Major is unconvinced that anyone else would have done better and is not a prime minister inclined to shoot the messenger.

Whatever the objective merits and demerits of injecting competition and business management into the NHS, the politics at this stage in the electoral cycle look awful.

Mrs Thatcher saw the dangers early last year. She suggested that the reforms – born hastily of a funding crisis in the NHS in late 1987 – might be postponed. Mr Kenneth Clarke, then health secretary, persuaded her that to delay would hand Labour the political gift of uncertainty: a blank cheque to invent any horror story it liked about her post-election plans.

Perhaps. If there is no reason to doubt the sincerity of Mr Major's commitment to state-funded health, the reforms – and the language in which they are couched – provide plenty of ammunition for those who choose to do just that.

In essence, the changes seek to simulate the disciplines of the market by dividing the NHS into purchasers and providers of care. District health authorities, run now by boards of businessmen are the purchasers, hospitals the providers. Money, to use the appropriate political jargon, will in future follow the patient.

On to that basic structure the government has grafted the concept of hospital trusts, designed to nurture a culture of self-management and fixed budgets to make family doctors as well as health authorities purchasers of care. In Mr Waldegrave's phrase the aim is not to turn the NHS into a business but to run it on business lines.

Yet for the past decade the electorate has watched the Tories privatise whole swathes of the public sector. Industries such as gas, electricity and water have joined more obviously commercial enterprises in the private sector. British Rail and British Coal will follow.

Now, as the NHS reforms unfold, the voters read in their newspapers of trust hospitals laying off medical staff to meet their business plans; of patients denied traatment because it it is not covered by their health authority contracts; of others offered preference because their family doctor had struck a hard financial bargain with the local hospital. Unjust it may be, but it is hardly surprising that the charge that this is all a precursor to privatisation strikes an anxious chord in the nation's living rooms. The voice of the doctors, taking revenge on Mr Clarke's aggressive determination to ignore their opposition, gives it added resonance.

It may get worse. As the reforms take effect, the most immediate impact is to make the operation of the health service more transparent. The NHS has always been unfair. Any service operating with finite resources and facing almost infinite demand always will be.

But the injustices did not seem quite so bad when they were random. Patients stuck on waiting lists for hospital treatment could always console themselves with the knowledge that their fate was universal.

If one person received treatment ahead of another it was a haphazard accident of geography or of the contacts with consultants nurtured by the family doctors. As long as it was opaqne so it did not look unfair.

The really awful politics of the new system for the Conservatives is that it provides a much clearer window on the inadequacies and anomalies in service which – for all the government's protestations – simply has far too little cash to meet the aspirations of its customers. Mr Major is paying the political price.

LETTERS

Wanted: more on gilts listings

From Mr Ralph S Risk.

Sir, It was refreshing to read Philip Coggan's realistic comparison between index-linked gilts and equity funds (Finance and the Family, May 11). He points out that the former are dismissed by professionals as unexciting – possibly because there is little return on the transactions.

To the investor seeking best advice a secured return above inflation has now been available for some years, but has met with little uptake. This may be due, at least partly, to the method of quoting the price per £100 of original nominal value.

Few investors like to buy gilts at a premium, fewer still understand thet 2 per cent 1996, at 173, is at a discount of 10 per cent to its present "nominal" value. The latter is the amount payable if the stock were redeemed today. I believe it would be useful to add to your listings the price for the amount of stock which would be redeemed at £100 at current index levels.

The article refers to setting up personal pension plans. With whom can one do this? Almost anything must be better than the 27 per cent increase over five years shown by average index-linked insurance funds, representing, after inflation, a 10 per cent drop *after* reinvestment of income.

Ralph Risk,
2 Lower Sutherland Crescent, Helensburgh

An alternative view of Hanson

From Mr Malcolm Samuel.

Sir, The emphasis placed by Lex on relative share price performance ("ICI's moment of truth", May 16) as the criterion of shareholder loyalty is disturbing. There is little doubt that Hanson performs well on this yardstick, which is usually a prominent feature of its offer documents for UK companies. Indeed, over the 25 years mentioned, Hanson has outperformed UK quoted companies of significance by a comfortable margin.

Does that mean that shareholders should rush into Hanson-type operations and abandon "underperformers"? The answer might be an unqualified yes if superior efficiency, in terms of capital and/or labour was the result. There is no evidence of this being achieved in the case of Hanson.

Despite the benefits of a lower depreciation charge and a debt/equity ratio which is substantially above average, Hanson's return on equity (earnings relative to equity inputs in the form of retentions and new issues) is not high compared with industrial companies generally. On the basis of profits before depreciation and interest relative to all capital inputs, returns are below average. Labour productivity is similarly undistinguished.

With no evidence of organic growth, it is apparent that Hanson will soon require a large requisition to increase its earnings, the risk of a change of government in the UK providing added urgency. Thus institutional shareholders will once more have to balance their fiduciary duties in the short-term against the evidence that the policies operated by Hanson (low R&D, low investment) run the risk of impairing industrial performance in the future.

Malcolm Samuel
10 Greenwood Road
Thames Ditton
Surrey
KT7 ODY

Generosity

From Mr F S Law.

Sir, Alan Pike's article "Aid Fatigue Strikes Britain", (May 11) justifiably emphasises the plight of charities in the UK in a difficult economic climate.

I disagree with him, however, when he says the British are not particularly generous regular givers. Compared to charity giving in the rest of the EC, corporate giving is vastly superior in the UK to what it is in France or Germany, as is the giving by the public in general. For example, there is no other company in the Community where the employee-shareholders allocate £1.5m to charities as happens at NFC.

F S Law,
43 Lennox Gardens, SW1

Cars with a clear company line

From Mr John Lidstone.

Sir, There is a simple solution at hand for companies trying to solve the problem of eliminating or reducing the cost of supplying company cars to staff who do not need them to carry out their work.

In 1952 when I joined the Shell Group of companies as a sales trainee, I was issued with a "commercial vehicle to enable you to carry out your sales work".

This vehicle was a very second-hand black Austin 10 saloon and on to the driver's and passenger's door had been fixed the company logo.

Now, apart from the fact that you were then not allowed to use this car for private motoring, the logo put a damper on any idea of taking your girlfriend out for a romantic evening's run in the car.

If companies adopted this idea, fewer staff would want a company car, and those that needed one for their work would provide tha cheapest form of continuous advertising.

This should apply to all levels of staff, including directors.

John Lidstone,
34 Tavistock Road,
Fleet, Hampshire

Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

Whaling and a 'green' Norway

From Mr John Greenaway MP.

Sir, I read with interest your article, "Building on a green reputation" May 15), in the survey on Norway. I hope thet Norway will recognise how important that reputation is when it comes to discuss the conservation of whales at the International Whaling Commission in Reykjavik on May 27-31 1991.

The widespread rumours that it will press for a resumption of whaling at some point belie all the "green" assumptions on which your article depends.

If Norway is to meet the minimum conservation requirements it will need to abide by the scientific evidence presented to the IWC, insist on adequate and effectivaly policed management of whales and demand humane methods of killing.

As these pre-conditions are not fulfilled, if Norway is to "build a green reputation" it can do no other than support the continuation of the moratorium on commercial whaling.

John Greenaway,
House of Commons, SW1

Even mudflats can be sublime

From Mr Robert Holden.

Sir, Stewart Dalby's article on ths Cardiff Bay barrage scheme ("The barrage meets its first storm", May 13) does not examine the nub of the barrage argument, which is aesthetic.

Are mudflats beautiful or ugly? Is the presence of the sea and tides attractive to development?

Many, including myself as a landscape architect whose profession deals with landscape aesthetics, see the richness of inter-tidal areas as often beautiful and sometimes sublime. While applauding the Cardiff Bay Development Corporation's wish to spend £80m on an aesthetic concern, one can properly question their judgment.

Indeed if Mr Dalby looked out of the window at Number One Southwark Bridge he would see how the presence of mudflats can be no disincentive to successful real estate development.

Robert Holden,
3 Merrick Square, SE1

In defence of General Freyberg's role during the invasion of Crete

From Colonel Lord Freyberg.

Sir, In reviewing Antony Beevor's book, Crete (May 4), Gerald Cadogan took Mr Beevor's version of what happened on Crete in May 1941, when my father, General Freyberg, commanded the allied forces there, and claimed that Freyberg "misread accurate information from Ultra intercepts. . ." This interpretation is not correct. My father was indeed warned that the whole initial assault on Crete was coming by air, and that the seaborne force was not due to appear until D-Day plus 3, but he was not allowed to act on the information in accordance with the Ultra rules.

Mr Beevor says: "The rules governing the use of Ultra were unclear." On the contrary, the rules were extremely clear, and in 1941 were very strict – rigidly controlled and enforced from London. The most important one was that commanders in the field were never permitted to take action on intelligence derived from Ultra alone. This fact was confirmed to me by Professor Sir Harry Hinsley, the official historian of British Intelligence in the Second World War.

Sir Harry wrote wrote that ". . . the rules were being constantly kept under review and they were always aimed at avoiding any action by commanders on the basis of information derived solely from Ultra. My feeling is that the rules were if anything even more rigorous in the spring and summer of 1941, when Ultra on any scale was a very recent acquisition, than they became later . . ."

It is also corroborated in Ultra and the Mediterranean Strategy 1941-45, by Ralph Bennett, who worked in the Middle East section at Bletchley Park, where the German Enigma codes were deciphered. The question that has never been satisfactorily explained is why General Wavell, the commander in chief, was not given any order from London to relax the Ultra rule in Crete about taking no action on information derived solely from Ultra. This was in spite of Churchill's direction that Freyberg was to be given a free hand. The prime minister never found out that, contrary to his wishes, my father had been forbidden to act on the information given to him. Nor, apparently, did he realise that Wavell, through whom such instructions would have had to pass, had never been authorised to relax the Ultra rule. Was this possibly the real reason for the dismissal of the commander in chief, Middle East, on June 21 1941?

In my biography, Bernard Freyberg VC, which is about to be published, I give details of how my father was given the whole of the German plan nine days before the attack on Crete, and then prevented from changing the disposition of his troops from the beaches to the airfields.

Freyberg,
Munstead House,
Godalming, Surrey

UK COMPANY NEWS

Report proffers survival hopes to Brent Walker

By Maggie Urry

LENDERS TO Brent Walker, the leisure group whose dehts are believed to have risen to £1.6hn, have now received a report on the company from Touche Ross, the accountants, which holds out hope for its survival.

The banks are optimistic that despite the group's heavy borrowings there is a workable solution to its problems. The report is understood to say that the group has some good core husinesses which could form the basis of a restructured company. The banks are now awaiting Monday's results from Brent Walker, covering 1990, and the summary balance sheet which will be published with them.

Yesterday Brent Walker directors were in a board meeting finalising the numbers. The shares fell 4p to 29p as the market again became nervous about the results and the group's chances of survival.

The group warned on Monday that the figures would ehow a substantial loss and a large reduction in the company's net worth. The company is not thought to be making sufficient trading profits to cover its interest charges at present, thus running up its total borrowings. Capital repayments on loans were frozen last November as part of a standstill agreement signed with the banks, pending a longer-term refinancing of the group's liabilities.

Trading conditions have been difficult even in the supposedly stable areas of brewing and betting. Brent Walker's main problems, though, are the leisure developments, such as Puerto Sherry in Spain and the Brighton marina, where more money has to be spent before the projects hecome profitable.

Leading lenders to Brent Walker believe that there is a good enough chance of getting their money back to keep the company afloat. However, some smaller banks within the 60-plus group, are understood to be fed up with the wrangling. The large lenders, backed hy the Bank of England, have kept pressure on the rest to stick together.

Barclays sells third party motor loans to GE

By David Lascelles, Banking Editor

BARCLAYS is to sell the third party motor loans business of its Mercantile Credit consumer loan business to GE Capital, part of General Electric of the US.

The husiness bas six branches and assets totalling about £260m. The exact selling price was not disclosed yesterday. The deal is due to be completed at the end of June.

Barclays will concentrate the remaining Mercantile Credit business on its Manchester base, resnlting in the closure of 22 branches with the loss of 470 jobs.

The steps are in line with Barclaye' previonely announced intention of selling parts of the consumer finance business, though the recession has left it with fewer potential buyers than it had hoped for. The only other part of the business to heve been sold was the Irish operation, acquired by Woodchester at the end of last year.

The Manchester business was kept because it deals directly with customers and does not cut across the high street lending business of the clearing bank. The sale and closures do not affect the corporate and agricultural leasing businesses of the Mercantile Group.

The acquisition by GE Capital marks a further advance into the UK market hy the finance arm of General Electric, which has diversified into financial services.

Barclays said yesterday that it had been talking to several parties ahont Mercantile Credit, all of them foreign. But the UK recession had dampened their interest.

Last year Midland Bank also attempted to sell its leasing arm, Forward Trust. However the company was withdrawn from the market after failing to find a suitable buyer.

The hard Yorkshireman with a caring heart

John Thornhill profiles Richard Greenbury, the new chairman of Marks and Spencer

MR RICHARD Greenbury, the new chairman of Marks and Spencer, is a hard man.

When pressed, be almost concedes as much bimself. But, he adds, jabbing his finger forward to emphasise the point, "I am a fair man."

"I think l have integrity. l set great store by it. f am honest and admit when I make mistakes. I say what I think and I do not sugar the pill. But l am not frightened to take a hard decision," he says.

Mr Greenbury has publicly demonstrated flashes of these qualities in spite of being in his job for little over a month.

This week he struck both analysts and journalists alike with a forthright account of the company's prospects when presenting a 2 per cent rise in annual pre-tax profits to £615.5m.

At the meeting, Mr Greenbury robustly defended the company's recent decision to make 600 employees redundant, promised a further sharpening of the company's pricing policies, outlined the company's aggressive store opening programme, and accepted quite bluntly that M and S had probably paid too much in spending $750m on Brooks Brothers, the upmarket US clothing business.

"Yon were right; we were wrong," he told his audience.

One analyst, more accustomed to the company's traditionally staid results presentations, said afterwards: "I was amazed. Up until today f did not evan know that Rick Greenbury could speak. He was very down to earth and answered all the qnestions quite honestly and openly."

Mr Greenbury is little-known hy the City or the press, having for many years lived in the shadow of his predecessor, Lord Rayner. But in an interview this week he revealed himself to be an uncompromising product of 38 years at M and S and a champion of the company's S traditions which stretch back over a century.

An imposing white-haired, thick-set man, Mr Greenbury fires out his sentences in staccato phrases. He talks with deadly earnestness about the husiness and with only slightly less intensity about his sporting passions of tennis and football. Yet he does not have any revolutionary prescriptions for the future of the business and rejects suggestions that he is ushering in a harsher era in conflict with the company's paternalistic past.

"I do not want to change the cultnre. f believe in it. Of course you have to respond to trading conditions and the needs and demands of the customers hut there is nothing we are doing that Simon Marks [a former legendary chariman the company] would not have done," he says.

Last month's decision to make 300 head office staff and 300 junior managers redundant, following a six month review, came as a shock to the public and undoubtedly hit staff morale. But he argues that the decision resulted largely from "bottom up" pressure within the company and was fully supported hy the board.

"The business had become hureaucratic and over-layered. That was the view at all levels of the head office. Medicine does not solve that problem. You need surgery and that is what we have undertaken," he says.

Although Mr Greenbnry stresses that M and S has made generous pay-offs and has made it clear that no more cuts of staff or changes of welfare policy will follow, the redundancy programme has clearly been traumatic for the company.

"It has been very painful," Mr Greenhury admits. "It is one thing to talk about these things but it is quite another to face someone yon know and like across a desk and say you are no longer needed. It has been a salutary lesson for a lot of people."

Alan Harper

Richard Greenbury: I say what I think and do not sugar the pill

But Mr Greenbury believes the staff reductions will give the company a greater competitive edge, allowing it to trade more strongly when the economy claws its way out of recession.

"This business certainly has not run out of growth potential in the UK," he says. "We are as a business in very, very good shape. We are going to add 480,000 sq ft of trading space this year and we have not borrowed a penny to do it."

M and S's low occupancy costs, high investment in information systems and strong market share will put it in a strong position to win business from competitors such as Burton Group, Next and Sears which have been battered in the recession. "We are in a position to go on the attack on the clothing side," he says.

M and S's food business, which accounts for 40 per cent of sales, faces far tougher competition although the market is more resilient.

"Tesco and Sainsbury are setting a blistering pace. But in foods we are a niche retailer. We only have 2,000 lines of very high quality for which we charge a premium. We are not in a head-to-head fight with them," he argues.

The company has great plans to expand in mainland Europe and will quadruple its selling space in the next four years with the aim of opening up to 40 stores. But the company's forays into North America have resulted in far worse returns.

M and S has said it will "bite the bullet" at its loss-making Canadian operations, although Mr Greenbury says, as yet, he has no idea how.

"What we have got to get a hold of is Brooks Brothers," he says. "In the short term we probably paid too much. We paid $750m and the business has been on a declining profit trend ever since," he says.

But he believes that by the mid-1980s Brooks Brothers will come good. M and S has invested heavily in refurbishing the business and all it needs now, he argues, is a pick-up in the economy and the effective introduction of information technology.

Mr Greenbury, 54, joined M and S as a junior trainee manager after leaving school early because of an illness in the family. "I wanted to go to university where I was hoping to play tennis and football all day long, 52 weeks a year," he says ruefully.

But during his time in the company he has met every chairman and is guided by their outlook. "I do not feel the presence of my predecessors over my shoulder but what I am aware of is the principles of this business which have made us the most profitable retailer in the country."

These principles be defines as product, customer, and staff integrity rounded off by an intimate partnership with its suppliers.

If ever he does stray from the path, he says there are enough people in the business to put him straight.

"I surround myself with people who argue with me and I tell them it's their job to tell me when I'm wrong. Sometimes it is not easy. I do not like being told I am wrong. I am a strong man and I have strong views and f know the business. I am Yorkshire and in Yorkshire we call it blunt.

"But I also think that the people who are close to me will tell you that I have a soft spot and it is a pretty big one too.

I care for the husiness. I care for its staff and I care for its suppliers," he says.

Brazilian inflation leaves Ocean Wilsons lower

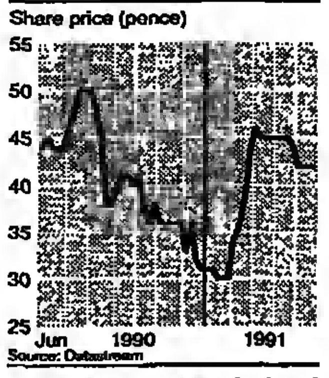
By Michiyo Nakamoto

OCEAN WILSONS, the overseas trading group, reported a drop in pre-tax profits for the year to the end of December from £6.4m to £4m. The contribntion from Brazil fell in the face of its hyper-inflation and the impact of the shock anti-inflationary plan implemented by the president.

Ocean has an extensive shipping services network in Brazil which has generally provided the major proportion of its profits. The country's contribution declined by 45 per cent to £3.21m (£5.87m) in the year. UK companies pnt in £1.05m, 41 per cent np from the previous £745,000.

An inflation rate of 1,800 per cent during the period resulted in a substantial fall in the sterling valne of the Brazilian Cruzeiro. Under International Accounting Standards the results were converted at the year end rate of 326,400 Cruzeiro representing a depreciation of 1,663 per cent.

Ocean Wilsons



Source: Datastream

Group turnover declined from £80.87 to £64.81m. Earnings per share came out lower at 2.85p (3p) or 4.54p (9.53p) including non-remitted earnings.

A maintained final dividend of 2.25p is proposed, making an unchanged total of 2.75p for the year.

Granada sells Telefusion to Blick for £8.3m

By Michiyo Nakamoto

Granada, tbe television, leisure and bnsiness services group, announced the sale of Telefusion Communications to Blick, the clocking-in equlpment supplier, for £8.26m.

Blick is to pay £3.98m in caeh, with the balance of £4.28m to be satisfied by the issue of 2.06m new ordinary Blick shares to Granada. Theee have already heen placed with institutional investors.

The net asset value of the husiness at completion will be about £2m. There is a further consideration of £0.5m subject to a final completion audit.

Telefnsion is involved mainly in the installation, supply and maintenance of communal aerial television and radio distrihntion systems, and in controlled entry security systems. fts principal customers are local anthorities, bousing associations and the Department of the Environment.

The group reported turnover of £8.9m in the year to September 29 against £9.8m in 1989. Profits before tax fell from £4.1m to £3.6m and are expected to rednce significantly over the years partly as a result of a fall in interest receivable.

Annnal contracted rental and maintenance income as at September 29 amounted to more than £5m, while future gross contracted income exceeds £18.5m.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
Apollo Watch § ....fin	nil	-	0.5	nil	0.5
Cullen's Hldgs ....fin	0.5	July 31	nil	0.5	nil
Ocean Wilsons ....fin	2.25	June 27	2.25	2.75	2.75
REA Holdings ....fin	4†‡	Sept 2	4	4	4
Ulster TV ....fin	3.75	-	2.5	6.75	6.5‡

Dividends shown pence per share net except where otherwise stated. *Equivelent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ‡For 17 months.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price	+ or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
100	F.P.	-	101	100	Aberforth Split Lev Cp	101		-	-	-	-
100	F.P.	-	100	100	Do. Income 10p	106		M9.0	-	11.3	-
-	F.P.	-	207	200	Do. Units 10p	206		-	-	-	-
‡	F.P.	-	185	185	Brockhampton 10p	185		-	-	-	-
‡	F.P.	-	33	33	Do. A Warrants 10p	33		-	-	-	-
‡	F.P.	-	140	140	Do. Non/Vtg. A 10p	140		-	-	-	-
100	F.P.	-	109	104	Contra-Cyclical Inc 1p	107		-	-	-	-
50	F.P.	-	56	54¼	Do. Zero Div. Prf. 50p	55¼		-	-	-	-
25	F.P.	-	27	22½	Do. Capital	27	+½	-	-	-	-
100	F.P.	-	103	100	Drayton Blue Chip Tst.	102		-	-	-	-
100	F.P.	-	108½	105	Do. Zero Prf. £1	108		-	-	-	-
65	F.P.	-	66	65	EFM Income Tst.	66		-	-	-	-
35	F.P.	-	38½	37	Do. Zero Div. Prf.	38½		-	-	-	-
†	F.P.	-	41	33	Globe Petroleum	40		-	-	-	-
Ir230	F.P.	-	245	217	Greencore Ir£1	217		u06%	5.9	1.9	9.2
§100	F.P.	-	123	116	Headline Book Publ'g. 10p	123		L2.5	2.8	2.7	17.7
-	F.P.	-	9	6	MMI Warrants	9		-	-	-	-
†	F.P.	-	£12¼	£12	Manpower Inc. 1c	£12		-	-	-	-
125	F.P.	-	127	124	Mirror Grp. Newspapers	125½		R6.55	1.7	7.0	11.3

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price £	+ or -
‡	F.P.	-	107p	107p	Brockhampton N/V 9½pc Rd Prf 1996 £1	107p	
100p	F.P.	-	46p	42½p	¶Clearmark 6pc Cv. Red. Prf.	46p	
100	F.P.	-	103¾	99¾	Hanson 9½pc Cv. Bd.	99¾	-1½
100p	F.P.	-	105p	80p	Lilleshall 9pc Cv. Rd. Prf. £1	105p	
100	F.P.	-	103¼	98¼	RMC Capital 8¾pc Cnv. Bds. 2006	101½	+¼
§100p	Nil	-	0½pm	4pm	Slough Ests 8¼p (Net) Cnv. Rd. Prf.	8pm	
100	F.P.	-	103½	99	Tarmac 9½pc Cnv. Cap. Bds. 2006	101¼	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price p	+ or -
97	Nil	-	6pm	3pm	‡Allied Leisure 5p	4pm	-1
112	Nil	-	13pm	10pm	BBA Group	10pm	-1
210	Nil	-	24pm	15pm	Baird (Wm.) 50p	15pm	-4
87	Nil	-	25pm	20pm	Bank of Scotland	20pm	-4
132	Nil	-	16½pm	14½pm	Bibby (J) 50p	14½pm	-½
15	Nil	-	¼pm	¼pm	‡Cooper Clarke	¼pm	
33	Nil	-	7pm	1pm	Kwick 10p	1¼pm	-2
130	Nil	-	43pm	29pm	Lloyds Chemists 5p	30pm	
225	Nil	-	41pm	21pm	McAlpine (Alfred)	41pm	+12
75	Nil	-	15pm	6pm	Prestat 5p	6pm	-1
320	Nil	-	85pm	60pm	Sanderson Murray 50p	82pm	
72	Nil	-	10pm	10pm	‡Synapse Cmptrs. Servs 5p	10pm	
140	Nil	-	20pm	11pm	T & N £1	12pm	-3
200	Nil	-	36pm	28pm	Taylor Woodrow	34pm	-1
32	Nil	-	8pm	4pm	‡Wiltshire Brewery	4pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. e Forecast or estimated annualised dividend rate, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1990-91. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ¶ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

- First Dealings May 7
- Last Dealings May 24
- Last Declarations August 8
- For settlement August 19

For rate indications see end of London Share Service

Calls in BTR warrants '94/95, Cullens, Dewhirst, ICI, Mirror Group, Oliver Res. and UniChem. Puts and calls in Dowty, Pilkington and Speyhawk.

No early profits seen by investors in MGN

By Clare Pearson

INVESTORS in Mr Robert Maxwell's Mirror Group Newspapers' £500m flotation were deprived of early profits on their shares yesterday when initial dealings saw them close just 0.5p above the 125p issue price.

The shares opened at 126.5p when dealings started at 2.30pm before drifting back in a generally weakening stock market during the afternoon.

This was in brisk turnover of 29m shares, amounting to 7.2 per cent of the issued capital in the company.

Mr Maxwell, who floated 49 per cent of tbe company said,when the price was announced on April 30, that he expected to see the shares go to a premium.

Yesterday, Samuel Montagu, MGN's financial adviser, said the issue had been keenly priced. Bnt it blamed stock market conditions for the lacklustre price performance.

The offer for sale had been oversubscribed hy the narrowest of margins – seven per cent – when it closed last week.

Salomon Brothers, which had acted as lead manager for the international tranche, said it had seen bnying by US investors, who had been enthnsiastic investors in the international placing, in the stock market yesterday.

Reed expands in US with $32m Broadcasting buy

By Alice Rawsthorn

REED INTERNATIONAL, the pnblishing and information group, is expanding its US interests by buying Broadcasting magazine, the broadcast industry'e weekly trade magazine, from Times Mirror for $32m (£18.3m).

Reed recently announced it would not invest any more money in British Sky Broadcasting, the UK-based satellite television venture, to concentrate its resources on expanding its publishing activities.

Broadcasting, founded in 1931, is the leading US trade magazine for the television, radio and satellite television industries with a weekly circulation of 32,000.

The magazine was bought by Times Mirror five years ago. Once the Reed deal is competed it will become part of Cahners Publishing, a subsidiary of Reed. Cahners also publishes Variety and Weekly Variety, the US movie and entertainment industry magazines.

The sale of Broadcasting comes at an eventful time for the US magazine industry, which is suffering from the slowdown in the advertising market. The industry has also been destabilised by a number of deals including the recent sale of part of Mr Rupert Murdoch's magazine interests to K-111, the publishing company controlled by Kohlberg Kravis Roberts, the investment bank.

CSG acquires loss-maker Ibex Holdings

By Jane Fuller

Corporate Services Group, formerly an oil and gas company called Southwest Resources, is expanding its recruitment business through the £1.2m take over of Ibex Holdings, which was close to receivership.

Ibex's borrowings had grown to £6.57m (£5.17m) compared with shareholders' funds of £37,000 (£4.06m).

The company said it was classed as a going concern on the assumption that the takeover would go through and that working capital would be provided by CSG.

Both companies are USM quoted and CSG's four-for-one all-share offer puts a price of 9p on Ibex's shares, which yesterday closed down 2p at 8p. Ibex was floated in April 1989 at 175p a share.

Ibex announced a pre-tax loss of £3.15m for 1990, compared with a 1989 profit of £1.95m. Turnover was virtually flat at £38.01m (£38.37m). An operating loss of £1m was exacerbated hy a £1.05m write-down of property values and £1.1m of interest costs.

Ibex said it had suffered from erratic demand and the cost of financing property and an unsnccessful acquisition. The loss per share was 21.08p (earnings of 10.68p). An interim dividend of 1p had been paid (total 3.8p). CSG was formed through the merger of Southwest with ADG Group. It has since sold its energy activities and a Hong Kong-based property management arm. In the six months to September 30, it made a pre-tax profits of £636,000 on turnover of £6.12m.

NEWS DIGEST

Ulster TV reduced to £1.9m

MR JOHN McGuckian, chairman of Ulster Television, said it had been a difficult year in reporting pre-tax profits of £1.92m on turnover of £24.69m for 1990. He said that the results reflected the recession and a higher Exchequer Levy.

The results for the independent television contractor for Northern Ireland compared with profits of £4.6m on turnover of £37.09m for the previous 17 months.

Of the present year revenue for the first quarter was down by 8.5 per cent and prospects for the second quarter were only marginally better. However, Mr McGuckian expected an improvement in the second half to make up for the first, although profits would still be down because of higher costs.

He was confident that the company was well placed to retain its licence.

From earnings per share of 10.82p (28.22p) a proposed final dividend of 3.75p makes a total for the year of 6.75p compared with 8.5p for the 17 months.

Cullen's continues recovery with £0.8m

Cullen's Holdings, the grocery retailer, continued its recovery through the second six months and for the full year to February 24 turned in profits of £825,000 at the pre-tax level.

The preceding year saw the company move into the black for the first time in eight years with profits of £119,000.

Dividends are being restored via a 0.5p payment. Earnings improved to 2.8p (0.5p).

Mr Robert Rayne, chairman, said that cash was "now being generated consistently from operations, providing the group with funds for further development."

Turnover for the year under review rose to £12m (£7.42m). Profits benefited from a £731,000 (nil) gain on the sale of franchises but also took account of exceptional provisions of £148,000 (profits £757,000) relating to losses on property transactions.

Apollo Watch falls to £0.67m

Profits of Apollo Watch Products, the USM-quoted company with interests in travel goods, saddlery and other consumer goods, fell from £1.42m to £668,000 pre-tax for 1990.

Figures for the second six months, historically the more profitable period, fell from £991,000 to £188,000. The dividend for the year is being omitted – shareholders received 0.5p previously. Earnings declined to 0.93p (1.94p).

Acquisitions boosted turnover to £13.16m (£8.57m). However, interest charges acconnted for £943,000 (£225,000), of which some £700,000 related to loans made to finance the acquisitions.

At year-end borrowings totalled £7.4m (£5.3m). The shares slipped 1p to 9½p.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Prices for Trading on [illegible]: Pool purchase price £/MWh	Final Prices to Trading on [illegible]: Pool purchase price £/MWh	Pool selling price £/MWh
0030	18.51	18.20	18.20
0100	18.51	18.18	18.18
0130	18.51	17.08	17.08
0200	18.22	23.52	24.85
0230	18.22	23.62	24.82
0300	18.22	23.52	24.82
0330	18.51	23.52	24.85
0400	18.51	23.52	24.87
0430	18.51	21.18	22.27
0500	18.51	18.84	20.81
0530	18.47	19.08	20.11
0600	18.47	19.08	20.11
0630	18.50	19.08	20.11
0700	18.80	19.08	20.10
0730	18.23	20.29	21.36
0800	19.12	20.32	21.39
0830	19.30	23.48	24.61
0900	19.41	23.48	24.80
0930	21.57	23.48	24.80
1000	21.57	23.48	24.80
[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

Unilever just ahead in spite of North American downturn

By Clare Pearson

UNILEVER, the Anglo-Dutch cousnmer products gronp, overcame a sharp fall in the contribution from North America to produce pre-tax profits 1 per cent ahead at £372m in the first quarter of 1991.

The result was at the top end of market expectations. The shares initially ross on the announcement before falling back to close 6p down on the day at 723p.

Resulis for the 1990 quarter were boosted by inclusion of an £18m property profit. Absence of that benefit meant group operating profits came out lower at £425m (£432m).

Performance in the three months to end-March was powered by improving profitability in the dominant European operations. But operating profits in North America came out at only 18 per cent of their level in the comparable period.

North America was affected by an increased promotional spend and continuing restructuring at the Lipton tea and soup division. In addition, the company cited difficult trading conditions in a context of recession and the Gulf war.

But in Europe hoth foods and detergents increased margins and profits, while in the rest of the world, both volume and operating profit further improved, Sir Michael Angus, the chairman, said.

There was another benefit in the quarter from expansion of sales in the former East Germany, the company said.

Group turnover rose by just 3 per cent to £5.44bn (£5.27bn). The company said it would have registered a 4 per cent increase taking ont the net effect of acquisitions and the disposal of three husinesses, two in oil milling and one in agricultural merchanting, during the period.

Net interest payments fell to £53m (£63m), reflecting a fall in average net debt and a more favourable mix of borrowings and investments.

Earnings per share worked through at 12.44p (12.32p).

By area, Europe put in operating profits of £311m (£278m) on turnover of £3.29hn (£3.21bn), North America £10m (£56m) on sales of £1.03bn (£1.02bn) and the rest of the world £104m (£98m) on £1.13bn (£1.04bn).

Overall, currencies had an adverse effect on the figures. The company said net profits, which came ont at £233m (£230m) would have been 6 per cent higher at constant exchange rates.

The company said it had changed its method of accounting for countries subject to hyper-inflation. Previously it aggregated local currency figures for the year and translated them at year-end exchange rates.

Now, local currency results are being restated to money value at one point in time and translated at the exchange rate ruling at that date. In these figures, the change has added £179m to 1990 turnover. There is no material effect on earnings.

See Lex

Ashley Ashwood

Sir Michael Angus: performance powered by improving profitability in dominant European operations

ECONOMIC DIARY

TODAY: Eurotourism conference in Crete. Informal meeting in Bologna of the foreign ministers of Italy, Yugoslavia, Austria, Hungary and Czechoslovakia.

SUNDAY: National Savings results (April). Mr Helmut Kohl, German Chancellor, starts three-day visit to the US. NUPE annual conference in Scarborough.

MONDAY: CBI/FT survey of distributive trades (April). Retail sales (April-provisional). Start of inter-party talks on the future of Northern Ireland in Belfast. First phase of voting in Indian general elections. Forum on East European trade in Budapest (until May 22). Brent Walker results.

TUESDAY: London and Scottish banks monthly statement (April). Provisional estimates of monetary aggregates (April). US monthly budget statement. European Community agriculture ministers meet in Brussels to agree 1991/1992 farm prices (until May 22). Annual world trade conference in Chicago (until May 22). British Airways results.

WEDNESDAY: Gross domestic product (output-based) (first quarter-preliminary). New construction orders (March-provisional). Manufacturers and distributors stocks (first quarter-provisional). Three of Brazil's largest labour union confederations representing 35m workers plan general strike in protest against President Fernando de Mello's economic policies. Mr Jacques Delors, president of the European Community Commission, visits Tokyo to try to make the community's relationship with Japan as close as its US ties.

THURSDAY: Balance of payments current account and overseas trade figures (April). US import/export figures; durable goods (April).

FRIDAY: Building Societies monthly figures (April). Engineering sales and orders at current and constant prices (March). CBI monthly trends enquiry (May). Polly Peck creditors meet in London. Organisation of African Unity committee on African liberation movements meets in Abuja. Stockholm International Peace Research Institute publishes 1991 year book.

FT-ACTUARIES SHARE INDICES

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	EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section	Friday May 17 1991 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1991 to date	Thu May 16 Index No.	Wed May 15 Index No.	Tue May 14 Index No.	Year ago (approx) Index No.	1991 High	1991 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (186)	824.48	-0.8	11.33	5.89	10.82	14.65	831.36	827.68	830.52	860.37	890.04 15/3	675.31 16/1	1038.07 16/7 /87	50.71 13/12/74
2	Building Materials (24)	1082.86	-1.6	10.67	5.73	11.52	20.95	1100.37	1087.64	1084.77	1066.99	1167.75 14/3	911.64 16/1	1381.08 16/7 /87	44.27 11/12/74
3	Contracting, Construction (31)	1324.76	-0.3	9.26	6.07	14.15	28.94	1329.11	1314.97	1314.00	1350.19	1438.66 15/3	1051.83 23/1	1951.50 16/7 /87	71.48 2 /12/74
4	Electricals (10)	2355.37	-0.2	11.17	5.68	11.41	40.46	2359.43	2340.50	2347.83	2441.56	2495.28 3 /4	1837.98 22/1	3040.80 8 /9 /89	84.71 25/6 /62
5	Electronics (25)	1736.59	-0.5	9.02	5.16	14.76	4.09	1745.77	1746.88	1748.98	1870.23	1958.19 15/3	1478.08 16/1	2308.22 19/5 /89	1229.01 8 /10/85
6	*Engineering-Aerospace (8)*	428.09	-1.5	16.30	5.85	7.38	10.60	434.77	433.98	433.21	450.39	469.23 9 /4	380.48 16/1	502.42 13/6 /90	380.48 16/1 /91
7	Engineering-General (47)	435.89	-0.2	12.86	6.02	9.39	8.07	436.87	437.82	440.71	464.67	468.00 5 /4	339.57 23/1	505.10 15/6 /90	339.57 23/1 /91
8	Metals and Metal Forming (8)	448.93	-0.6	19.91	7.69	6.19	0.59	451.68	455.02	454.07	480.03	509.18 3 /4	381.44 16/1	596.67 9 /10/87	49.65 6 /1 /75
9	Motors (13)	321.25	-0.9	12.58	7.56	9.39	9.89	324.30	323.60	322.06	339.63	360.54 14/3	266.43 16/1	411.42 13/10/87	19.91 6 /1 /75
10	Other Industrial Materials (20)	1468.29	-0.8	9.66	5.54	12.19	31.60	1479.66	1472.54	1493.02	1568.75	1589.92 4 /4	1147.76 16/1	1881.53 18/8 /89	277.55 15/1 /81
21	CONSUMER GROUP (187)	1439.32	-0.3	8.34	3.76	14.77	12.84	1443.52	1442.46	1448.14	1243.70	1486.05 7 /5	1188.45 16/1	1486.05 7 /5 /91	61.41 13/12/74
22	Brewers and Distillers (22)	1795.90	-0.7	8.62	3.66	14.21	14.86	1808.43	1799.09	1796.73	1473.10	1843.03 7 /5	1478.24 25/1	1843.03 7 /5 /91	69.47 13/12/74
25	Food Manufacturing (20)	1150.65	-0.7	10.02	4.25	12.31	15.95	1159.18	1154.29	1155.72	1075.05	1210.94 5 /4	1013.60 16/1	1220.42 4 /9 /89	59.67 11/12/74
26	Food Retailing (16)	2752.11	+0.7	8.08	3.01	16.19	16.72	2733.76	2782.77	2797.20	2364.54	2854.91 2 /5	2259.53 2 /1	2854.91 2 /5 /91	54.25 11/12/74
27	Health and Household (21)	3220.17	+0.6	5.96	2.67	19.15	20.81	3200.34	3194.60	3225.29	2549.82	3363.94 7 /5	2454.93 16/1	3363.94 7 /5 /91	175.38 28/5 /80
29	Hotels and Leisure (23)	1312.11	-0.2	10.33	5.27	11.42	17.30	1314.94	1321.35	1320.63	1394.80	1399.64 14/3	1066.91 25/1	1845.77 8 /9 /89	54.83 9 /1 /75
30	Media (25)	1442.68	-0.8	9.46	4.76	13.46	20.96	1454.74	1439.81	1435.60	0.00	1521.09 17/4	1166.91 16/1	1521.09 17/4 /91	1166.91 16/1 /91
31	Packaging, Paper & Printing (16)	658.59	-1.2	8.22	5.01	15.22	11.81	666.26	659.60	662.03	571.46	692.57 9 /5	486.96 16/1	739.48 16/7 /87	43.46 6 /1 /75
34	Stores (33)	897.86	-1.2	8.95	4.06	14.58	3.42	908.82	908.03	916.55	765.22	934.99 15/4	766.89 29/1	1160.58 29/7 /87	52.63 6 /1 /75
35	Textiles (11)	536.10	-0.2	10.19	6.01	12.18	8.01	537.14	540.86	540.61	473.02	563.46 3 /4	396.58 28/1	914.52 2 /10/87	62.66 11/12/74
40	OTHER GROUPS (108)	1213.05	-0.8	9.73	5.01	12.63	10.01	1222.42	1215.55	1213.12	1135.78	1241.67 9 /5	961.05 16/1	1241.67 9 /5 /91	58.63 6 /1 /75
41	Business Services (13)	1212.02	-0.3	10.98	5.37	11.19	11.45	1216.05	1212.06	1209.98	0.00	1235.24 9 /5	892.28 1 /2	1235.24 9 /5 /91	892.28 1 /2 /91
42	Chemicals (21)	1353.46	-1.5	8.51	5.29	13.51	24.59	1373.52	1340.06	1302.68	1229.09	1373.52 16/5	1004.01 16/1	1545.46 5 /10/87	71.20 1 /12/74
43	Conglomerates (10)	1484.20	-1.7	10.28	6.99	11.74	13.24	1510.30	1512.09	1508.49	1609.36	1626.42 14/3	1217.37 16/1	1819.46 11/8 /89	975.19 10/11/87
44	Transport (14)	2196.27	-0.7	11.21	4.71	11.01	26.91	2211.81	2191.66	2191.14	2211.24	2250.74 9 /5	1730.87 23/1	2564.69 12/7 /89	90.80 29/6 /62
45	Electricity (14)	1202.87	-0.4	11.52	5.55	10.87	0.00	1208.19	1193.97	1191.06	0.00	1216.30 10/5	994.96 7 /1	1216.30 10/5 /91	994.96 7 /1 /91
46	Telephone Networks (4)	1432.52	-0.5	9.26	3.49	14.04	0.00	1440.13	1439.00	1448.99	1341.36	1484.78 9 /5	1085.95 16/1	1484.78 9 /5 /91	517.92 30/11/84
47	Water (10)	2448.83	-1.0	13.85	5.72	8.07	39.69	2473.72	2444.40	2444.04	1924.66	2536.12 15/4	2134.83 16/1	2536.12 15/4 /91	1820.20 1 /5 /90
48	*Miscellaneous (22)*	1840.35	+0.2	6.39	5.08	20.01	21.46	1837.13	1851.23	1861.97	1721.88	1946.79 5 /4	1506.17 16/1	2087.06 11/7 /89	60.39 6 /7 /75
49	INDUSTRIAL GROUP (481)	1219.17	-0.6	9.39	4.39	13.10	12.75	1225.94	1222.20	1224.55	1127.38	1259.44 5 /4	991.97 16/1	1273.71 5 /9 /89	59.81 13/12/74
51	Oil & Gas (19)	2324.81	-0.7	10.83	5.73	12.03	40.03	2340.48	2327.34	2340.25	2282.10	2480.35 17/4	2101.45 21/1	2528.78 3 /8 /90	87.23 29/5 /62
59	500 SHARE INDEX (500)	1313.60	-0.6	9.57	4.73	12.95	14.90	1321.09	1316.63	1319.77	1223.79	1357.90 17/4	1092.04 16/1	1369.88 16/7 /87	63.49 13/12/74
61	FINANCIAL GROUP (97)	795.33	-1.4	-	5.95	-	17.76	806.22	797.01	796.81	780.94	859.94 15/3	667.36 16/1	896.67 13/10/87	55.88 13/12/74
62	Banks (9)	881.61	-1.8	7.85	6.28	18.48	21.93	898.20	887.52	888.34	830.28	950.35 14/3	695.08 15/1	950.35 14/3 /91	62.44 12/12/74
65	Insurance (Life) (7)	1461.37	-1.2	-	5.66	-	41.64	1478.90	1460.16	1460.70	1331.04	1612.93 15/3	1220.74 16/1	1612.93 15/3 /91	44.88 2 /1 /75
66	Insurance (Composite) (6)	669.32	-0.9	-	6.55	-	20.23	675.64	665.34	662.06	662.68	728.27 15/3	572.52 16/1	768.11 29/12/89	43.96 13/12/74
67	Insurance (Brokers) (8)	1076.92	-2.0	7.32	6.24	17.77	21.24	1098.37	1080.52	1088.30	1061.97	1202.38 5 /4	932.88 23/1	1399.56 17/7 /87	65.86 16/12/74
68	Merchant Banks (7)	426.48	-0.8	-	4.75	-	4.47	429.77	423.36	422.83	434.10	448.97 15/3	327.70 16/1	547.59 12/10/87	31.21 7 /1 /75
69	Property (40)	977.31	-0.9	6.54	4.80	21.05	7.83	986.45	980.87	978.99	1078.26	1087.65 15/3	926.54 16/1	1398.87 5 /9 /89	56.01 20/4 /65
70	Other Financial (20)	285.27	-0.4	9.23	6.33	13.46	4.41	286.30	285.60	286.80	304.05	298.63 15/3	236.37 16/1	603.48 16/7 /87	33.29 17/12/74
71	Investment Trusts (70)	1198.71	-0.6	-	3.50	-	12.42	1205.86	1205.08	1210.63	1185.63	1224.06 10/5	947.19 16/1	1323.81 4 /1 /90	71.12 13/12/74
99	ALL-SHARE INDEX (667)	1188.02	-0.7	-	4.86	-	15.23	1196.09	1190.82	1193.31	1117.16	1232.32 5 /4	987.46 16/1	1238.57 16/7 /87	61.92 13/12/74
		Index No.	Day's Change	Day's High (a)	Day's Low (b)	May 16	May 15	May 14	May 13	May 10	Year ago				
	FT-SE 100 SHARE INDEX♦	2453.9	-18.0	2473.5	2444.6	2471.9	2459.4	2463.7	2486.6	2524.3	2269.1	2545.3 5 /4	1990.2 28/9	2545.3 5 /4 /91	986.9 23/7 /84

FIXED INTEREST

	PRICE INDICES	Fri May 17	Day's change %	Thu May 16	Accrued interest	xd adj. 1991 to date
	British Government					
1	Up to 5 years (28)	121.09	+0.05	121.03	2.01	4.29
2	5-15 years (29)	129.97	-0.13	130.14	2.32	5.15
3	Over 15 years (8)	136.16	-0.30	136.57	1.91	5.02
4	Irredeemables (6)	148.66	-0.43	149.30	0.74	6.11
5	All stocks (70)	129.34	-0.09	129.46	2.19	4.92
	Index-Linked					
6	Up to 5 years (1)	158.82	+0.12	158.63	0.04	2.72
7	Over 5 years (10)	146.79	-0.09	146.92	0.90	1.52
8	All stocks (11)	147.69	-0.08	147.81	0.87	1.56
9	Debs & Loans (56)	110.09	-0.14	110.24	2.66	3.47

	AVERAGE GROSS REDEMPTION YIELDS		Fri May 17	Thu May 16	Year ago (approx.)	1991 High	1991 Low
	British Government						
1	Low	5 years	9.20	9.19	11.14	10.14 16/1	9.11 12/4
2	Coupons	15 years	9.84	9.80	10.92	10.24 2 /1	9.46 19/2
3	(0%-7¾%)	20 years	9.99	9.95	10.82	10.26 2 /1	9.53 14/2
4	Medium	5 years	10.41	10.38	12.37	11.15 2 /1	10.04 20/2
5	Coupons	15 years	10.29	10.25	11.40	10.62 2 /1	9.84 14/2
6	(8%-10¾%)	20 years	10.22	10.17	10.97	10.50 2 /1	9.78 14/2
7	High	5 years	10.59	10.56	12.49	11.25 2 /1	10.20 19/2
8	Coupons	15 years	10.46	10.41	11.68	10.80 2 /1	9.98 14/2
9	(11%-)	20 years	10.35	10.30	11.23	10.67 2 /1	9.90 14/2
10	Irredeemables	†	10.24	10.18	10.80	10.48 31/12	9.83 14/2
	Index-Linked						
11	Inflation rate 5%	Up to 5yrs.	4.11	3.83	5.18	4.19 2 /1	3.59 18/1
12	Inflation rate 5%	Over 5 yrs.	4.23	4.15	4.15	4.23 17/5	4.09 18/2
13	Inflation rate 10%	Up to 5 yrs.	3.18	3.02	4.08	3.18 17/5	2.13 21/2
14	Inflation rate 10%	Over 5 yrs.	4.03	3.98	3.96	4.05 19/3	3.90 12/4
15	Debs &	5 years	11.87	11.88	14.67	12.63 9 /1	11.84 2 /4
16	Loans	15 years	11.64	11.63	13.43	12.38 18/1	11.61 4 /3
17		25 years	11.45	11.42	13.18	12.16 18/1	11.40 1 /3

♦Opening Index 2473.5; 9 am 2468.7; 10 am 2464.0; 11 am 2456.4; Noon 2453.5; 1 pm 2450.0; 2 pm 2444.8; 2.30 pm 2447.7; 3 pm 2448.5; 4.10 pm 2451.2; (a) 8.30am (b) 2.01pm

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Business Services	31/12/90	999.65	Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electricity	31/12/90	999.65	Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Media	31/12/90	1228.68	Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Engineering - Aerospace	29/12/89	486.00	Health/Household Products	30/12/77	261.77	All Other	10/4/62	100.00
Engineering - General	29/12/89	486.00	Other Groups	31/12/74	63.75	British Government	31/12/75	100.00
Water	29/12/89	1968.45	Industrial Group	31/12/70	128.20	Do. Index-linked	30/4/82	100.00
Conglomerates	31/12/86	1114.07	Other Financial	31/12/70	128.06	Debs & Loans	31/12/77	100.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE includes details of the information used in the construction of these indices. These are available by subscription from FINSTAT, 071-925 2323.
CONSTITUENT CHANGES: Manpower (41) has been deleted. Gardiner Group (41) and Shires Investment (71) have been inserted.

LONDON TRADED OPTIONS

Option		CALLS Jul	CALLS Oct	CALLS Jan	PUTS Jul	PUTS Oct	PUTS Jan
Alld Lyons (*574)	500	75	93	100	6	12	16
	360	41	60	70	22	29	32
	600	10	35	47	53	55	59
ASDA (*118)	100	15	16	20	2½	4½	6
	118	7½	10	14	5	8	9½
	120	3½	6	9	11	14	15
Brit. Airways (*167)	140	28½	30	31	2½	4½	6
	160	11½	10	70	8	11	15
	180	4	8½	12	22	24	27
SmKl Beecham A (*764)	700	79	98	-	6	13	-
	750	42	65	84	20	30	35
	800	20	40	58	50	57	61
Boots (*364)	330	39	47	53	5	8½	12
	360	16	29	35	16	21	24
	390	5½	16	23	37	39	41
B.P. (*319)	300	25	32	-	5	9	-
	330	9½	16	21	20	23	26
	360	3½	7	11	46	46	46
British Steel (*128)	120	11½	12½	14	4	5½	7
	130	4½	6½	8½	11	12	14
	140	1½	3½	5	19	20½	21
Bass (*949)	929	52	82	-	23	33	-
	950	-	-	85	-	-	54
	977	27	57	-	50	57	-
C & Wire (*518)	500	35	52	64	14	25	28
	550	11	28	41	44	50	55
	600	3	13	24	87	90	94
Courtaulds (*394)	360	38	51	58	6	11	14
	390	18	32	40	10	23	26
	420	7½	10	28	39	62	65
Com. Union (*491)	460	49	55	-	5	13	-
	500	23	32	45	20	30	32
	550	7	16	25	60	62	65
Fisons (*463)	420	56	70	80	4½	8	10½
	460	27	43	54	16	21	23
	500	10	24	35	42	45	47
GKN (*334)	300	45	47	-	3	9½	-
	330	24	28	38	12	20	24
	360	9½	16	23	31	40	42
Grand Met. (*756)	700	78	92	-	7	17	-
	750	41	62	78	21	33	39
	800	19	38	53	52	62	68
I.C.I. (*1245)	1200	100	120	165	31	54	58
	1250	70	100	137	52	75	75
	1300	50	78	113	77	100	99
Kingfisher (*480)	460	33	47	60	14	22	23
	500	14	27	41	37	43	47
	550	4	13	23	82	83	86
Ladbroke (*263)	240	36	45	-	3	7½	-
	260	20	30	35	8½	14	17
	280	10	20	22	10	24	28
Land Secur (*524)	460	72	-	-	1½	-	-
	500	33	41	51	9½	12	19
	550	5½	16	26	42	93	47
M & S (*254)	240	10	26	32	6	7½	18½
	260	7½	15	21	16	17	21
Sainsbury (*378)	360	23	37	47	8	12	15
	390	10	22	30	23	25	28
Shell Trans. (*500)	500	28	38	48	16	26	28
	360	8	16	27	53	52	55
Storehouse (*102)	180	7½	11	14	6	8	9
	110	3½	7	9	13	14	15½
Trafalgar (*256)	240	18	31	35	11	16	24
	260	18	19	26	22	27	36

Option		CALLS Jul	CALLS Oct	CALLS Jan	PUTS Jul	PUTS Oct	PUTS Jan
Utd. Biscuits (*365)	360	23	32	40	10	15	18
	390	7½	17	25	20	31	35
Unilever (*724)	700	49	74	87	11	17	22
	750	21	42	57	36	40	46
Ultramar (*308)	300	21	30	38	8	15	18
	330	8	16	23	30	32	34
Option		May			May		
Elec Ptg. (*2118)	1850	280	-	-	20	-	-
	1900	260	-	-	20	-	-
Southern Elec (*206)	180	27	-	-	1¼	-	-
	200	9	-	-	3	-	-
Option		May	Aug	Nov	May	Aug	Nov
Brit Aero (*602)	600	15	47	57	11	27	35
	650	1½	22	33	52	57	64
BAA (*439)	420	24	37	48	3	15	20
	460	3	16	28	23	38	41
BAT Inds (*685)	650	40	57	67	3	15	26
	700	7	31	42	22	42	50
BTR (*376)	360	20	36	40	1	8	15
	390	3	19	23	17	24	30
Brit. Telecom (*362)	360	8	19	29	4	16	19
	390	1	6½	15	28	36	37
Cadbury Sch (*353)	330	26	40	47	1	6	10
	360	5	20	28	10	18	22
Eastern Elec (*185)	100	9	14	16	3	15	17
	200	1	6	18	10	50	31
Guinness (*940)	900	44	80	100	2	16	23
	950	9	48	69	18	37	43
GEC (*192)	180	13	10	20	½	5½	6½
	200	¼	6	10	9	16½	10
Hanson (*215)	200	17	21½	27½	1	4	6
	220	2¼	10	16½	6½	12½	15
LASMO (*330)	330	10	27	37	7	17	22
	360	3	14	23	34	37	40
Lucas Inds (*156)	140	17½	25	28	1	4½	7
	160	3½	10½	16	7	12	16
P. & O. (*575)	550	33	54	57	4	14	23
	600	4	25	33	27	40	48
Pilkington (*179)	160	21	24	29	1	6½	9
	180	5½	12	17	6	16	21
Prudential (*225)	220	8	21	24	2½	8½	12
	240	2½	12	15	16	10	23
Racal (*222)	220	7	10	23	4½	15	18
	240	1	10	16	20	27	29
R.T.Z. (*523)	500	28	50	59	2½	12	18
	360	2½	23	33	32	37	44
Scot. & New (*388)	360	30	40	47	1½	9	13
	390	7	21	30	7½	24	26
Tesco (*281)	280	4½	19	23	4	11	12
	300	1	8	13	21	23	24
Thames Water (*309)	300	12	20	26	4	15	19
	330	2	7	12	23	35	38
Option		Jul			Jul		
STC (*320)	280	-	-	-	¼	-	-
	300	-	-	-	¼	-	-
Option		Jun	Sep	Dec	Jun	Sep	Dec
Abbey Nat. (*270)	260	16½	23	32	4½	10	12
	280	5½	13	20	14	20	23
Amstrad (*69)	60	9	13½	15	1	4	4½
	70	3	7½	9½	5	7½	9½
Barclays (*435)	420	31	40	50	7	20	26
	460	9	22	30	32	43	46

Option		CALLS Jun	CALLS Sep	CALLS Dec	PUTS Jun	PUTS Sep	PUTS Dec
Blue Circle (*250)	240	18	28	34	5½	12	15
	260	8	17	24	15	22	25
British Gas (*239)	220	24	27	31	2	6	7½
	240	9	13	10	7	15½	17
Dixons (*193)	180	18	23	29	3	8	10
	200	7	13	17	12½	19	21
Eurotunnel (*471)	460	35	57	78	19	35	40
	500	17	38	55	42	55	60
Glaxo (*1101)	1100	42	80	102	20	50	60
	1130	19	55	77	60	77	85
Hawker Sidd (*571)	550	28	53	65	19	32	42
	600	7½	29	40	54	60	72
Hillsdown (*237)	220	19	27	-	4½	7	-
	240	6	16	22	14	16	20
Lonrho (*25)	240	18	23	29	3½	10	12
	260	6½	12	17	14	20	23
Midland Bk (*212)	200	21	23	30	4	9	12
	220	8	14	22	15	20	24
National Power (*135)	130	10	12½	16	3½	8½	9
	140	5	8	11	9	14	14½
Reuters (*815)	800	45	75	105	19	39	48
	850	20	50	77	45	65	74
R Royce (*154)	140	17	22	25	1½	4½	6½
	160	4½	10½	14	9	13	13
Sears (*87)	80	6½	10	12	2½	3½	5
	90	2	4½	6	9	9	10½
THF (*273)	260	12	24	28	7½	12	15
	280	5	14	17	20	23	23
Thorn EMI (*716)	700	35	46	55	12	37	40
	750	11	22	34	42	67	70
TSB (*150)	140	14	16	20	2	4½	6
	160	2	6	9	11	16	17
Vaal Reefs (*560)	60	5	8	10½	5½	9	11
	70	2	5	-	12	16	-
Wellcome (*575)	550	40	66	77	12	23	31
	600	15	39	52	37	45	52

EURO FT-SE INDEX (*2451)

	2375	2425	2475	2525	2575	2625	2675	2725
CALLS								
May	80	41	17	5	1	1	19	-
Jun	105	70	45	25	13	6	3	1½
Jul	-	98	-	47	-	18	-	8
Sep	-	147	-	82	-	48	-	25
Dec	-	195	-	135	-	95	-	65
Mar	-	245	-	190	-	140	-	95
PUTS								
May	10	21	46	85	129	178	162	-
Jun	23	40	58	90	127	171	216	265
Jul	-	51	-	98	-	169	-	255
Sep	-	65	-	107	-	170	-	240
Dec	-	90	-	120	-	175	-	230
Mar	-	110	-	140	-	180	-	230

FT-SE INDEX (*2451)

	2350	2400	2450	2500	2550	2600	2650	2700
CALLS								
May	108	65	29	9	3	1	½	½
Jun	130	93	60	35	19	9	5	2½
Jul	152	116	85	60	40	26	16	18
Aug	170	134	104	77	56	40	27	18
Dec †	-	205	-	148	-	100	-	65
PUTS								
May	5	11	28	60	105	155	205	255
Jun	19	31	51	81	117	160	209	258
Jul	31	46	67	93	126	167	211	259
Aug	40	54	76	100	132	170	212	260
Dec †	-	80	-	130	-	189	-	277

May 17 Total Contracts 27,646
Calls 14,028 Puts 13,618
FT-SE Index Calls 2,416 Puts 3,058
Euro FT-SE Calls 368 Puts 583
*Underlying security price. † Long dated expiry mths
Premiums shown are based on offer prices.

Groupe Bull on target to sign accord with NEC

By William Dawkins in Paris

GROUPE Bull, the Frencb state-owned computer maker, expects to complete its accord with NEC, the Japanese electronics group, on target despite the attacks on Japanese protectionism made by France's new prims minister.

Bull said yesterday it was continuing negotiations for NEC to exchange its 15 per cent stake in Bull HN, the subsidiary grouping its overseas activities, for a shareholding of slightly under 5 per cent in the full group. Final agreement was likely by June 21, the company said.

Mrs Edith Cresson, the prime minister, has carefully avoided committing herself to a firm reply on questions about her likely stance on the Bull-NEC link, which will be one of the first tests of the real character of her industrial policy.

However, it is onderstood that the change of government has already made Bull's management more cautious on any plans to extend co-operation with NEC further.

Bull already earns around 5 per cent of sales from distributing NEC's larger machines in Europe, for which it is the Japanese company's main entry to the west.

Separately, Bull announced that it had amicably broken off talks with Nokia Data, the computer division of the Finnisb electronics group, on enlarging their Scandinavian business ties.

They botb felt it was too risky to undertake big changes to tbe organisation of their Scandinavian computer businesses in the current difficult market conditions, said Mr Richard Snook, the Bull director handling the talks. Tbe decision comes just under four months after the Nokia talks were made public.

They had been considering a possible excbange of shares and gone as far as establishing a joint task force to define a plan. Nokia has distribnted Bull's products in Finland for 27 years under an agreement which will be renewed soon, said Bull.

However, the risks of merging their product lines in the region were such that "the companies have conclnded that now is not tbe appropriste time to implement a major restructuring and integration of the two businesses," tbe French group said.

Enrico Randone: likely to become honorary chairman

Trading in Generali shares resumes

By Haig Simonian in Milan

TRADING in sbares of Generali, Italy's leading insurer, resumed yesterday following the release of new information on its controversial L1.75bn ($1.37m) rigbts issue.

Generali sbares were suspended on Thursday night by Consob, Italy's stock market watchdog, pending clarification of the deal. After trading resumed, the stock was fixed at L34,900 against L34,730 on Thursday.

"For the time being, Consob is satisfied by the Generali statement," the company said. "Bear in mind that this is merely the announcement of an operation, which hasn't yet been launched."

However, Generali, wbose chairman, Mr Enrico Randone, will probably be nominated honorary chairman at its annnal genaral meeting on July 1, has still not sbed any light on the members of the Mediobanca-led consortium underwriting its deal. Names of participants will be released at the annual meeting.

Generali, which has been stung into action by tha highly-embarrassing suspension, has also failed to give *any further hint as to how* it will use its new funds.

In s press interview, Mr Gianfranco Gutty, its director general, denied the deal was designed to buttress the control of s "hard core" of shareholders. Rather, the aim was to "reinforce the company in certain markets, in certain sectors; in life insurance for example".

According to Generali, the rights issue will be open for 30 days. Rights to any warrants not taken up by shareholders will be offered on the market.

The warrants, which ara being issued on the basis of one for every four shares held, can be exercised st any time until April 30, 2001, but excluding the months of May and June.

TNT turns in A$89m nine-month loss

By Kevin Brown in Sydney

TNT, the Australian-based international transport group, yesterday blamed spiralling operating losses and heavy write-downs of investments for a net loss after abnormal items of A$89m ($69.50m) for the nine months ended in March.

The group also foreshadowed s reconstruction of its loss-making European air express network, which has failed to generate sufficient freight to fill the aircraft fleet. TNT said the network had "attracted interest and approaches from other parties".

The result represented s turnround of A$137m on the first nine months of last year, when TNT reported a net profit after abnormals of A$42m.

The group said the fourth-quarter result would he better, but warned of continuing problems next year and said it would halve the full year dividend to 7.5 cents.

The announcement marked a continuing deterioration of TNT's profitability since October, when the board indicated net profit for the full year would be around last year's level of A$140m.

The size of the loss is likely to renew pressure on the TNT share price, which fell to a record low of 75 cents in Jannary amid concerns abont the company's liquidity. The shares fell eight cents to A$1.42 after the announcement.

However, the directors said liquidity had improved, partly through a private placement of shares which raised A$73.5m. Capital spending has been curtailed by nearly a third during the period to A$267m. The gronp said its net operating profit before abnormal items was A$6.5m, compared to A$90m for the comparable period of last year. Almost all the shortfall was accounted for by a deterioration of A$83m in the profits of businesses in Australia, South America and Europe. Revenues were up 7.5 per cent at A$3.6bn.

The directors said tha growth of TNT Express Europe had been slower than anticipated, and the negative effect on group profitability had been "greater than originally expected".

TNT said in 1988, when it announced plans for the network, that it expected profitability to be adversely affected by up to US$25m per year for at least four years.

TNT said it suffered a loss on its 50 per cent investment in Ansett Transport Industries, jointly owned with Mr Rupert Murdoch's News Corporation media group, which operates one of Australia's three main domestic airlines.

The group said Ansett had been hurt by the weak Australian economy and intense competition sparked by the deregulation of domestic aviation in October. No substantial improvement was expected in the short term.

The directors said they had decided to bring forward a revaluation of investments planned for the end of the year "in the interests of having the market fully informed". As a result, the book value of the group's investment portfolio, which includes a stake in the Normandy Poseidon group, was redneed by A$39m. The value of investments in associated companies, including Ansett, was written down by A$57m. Total net write-downs amounted to A$96m.

The directors were confident the group would return to profit in 1991-1992, provided the economic situation in Europe and the US does not deteriorate.

Karstadt in DM480m rights issue

By Andrew Fisher in Frankfurt

KARSTADT, tbe German department store group, yesterday announced a DM480m ($282m) rights issue and the payment of a higher dividend for 1990 after s steep rise in profits.

It is raising its dividend by DM2 a share to DM12. Net profits last year were 67 per cent higber at DM228m. Karstadt has already reported that sales went up by 12 per cent to DM16.7bn, including a 24 per cent jump to DM2.4bn at its Neckermann mail order operation.

Karstadt's sharply improved performance reflected a surge in retail sales last year as a result of higher incomes in west Germany, aided by tax cuts, and the powerful extra impulse provided by visitors from east Germany.

Like otber west German stora concerns, Karstadt is moving into the country's new eastern states. The proceeds of the rigbts issue will balp finance its eastward expansion, as well as its planned investment in its existing west German stores. The new shares will be issued on a one-for-six basis at DM400 each compared with yesterday's closing price of DM652, a rise of DM23 on Thursday's level.

● Barliner Handels-nnd Frankfurter Bank, the Frankfurt-based merchant bank, plans to raise up to DM200m ($118m) through s one-for-10 rights issue to increase its capital resources. BHF-Bank will issue the new shares at the end of June to its limited partner shareholders. Analysts said the price would probably be between DM300 and DM350, giving a sizeable discount on the current share price of around DM400.

Belgian banks advance steadily

By Andrew Hill in Brussels

DESPITE a write-down of investments in France which cot net first-half profits, Banque Bruxelles Lambert (BBL), one of Belgium's leading commercial banks, yesterday said non-consolidated operating profit rose by more than 20 per cent to BFr6.52bn ($184m) in the six months ended March 1991, against BFr5.41bn s year ago.

BBL's competitor Kredietbank also achieved an increase in profits. For the year ended March, 1991 its net non-consolidated profit rose from BFr5bn to BFr5.3bn and the dividend is being stepped up from BFr161 to BFr170.

Consolidated net profit, boosted by the development of the bank's international lending operations and a change in the method of consolidation, increased from BFr5.1bn to BFr6.1bn.

Customer deposits increased at both banks – up 13 per cent to BFr815bn at Kredietbank during 1990-91, and 6.8 per cent to BFr1bn in the first six months of BBL's financial year.

BBL experienced a large rise in loan provisions in the UK during the first half, but most of the 56 per cent increase in depreciation and provisions was due to the write-off on its French banking operations.

After total provisions of BFr4.12bn, BBL made a net profit of BFr2.28bn (BFr2.5bn).

Kredietbank's profit margins were affected by slower economic growth, changes in fiscal legislation and reorganisation of the financial markets. Kredietbank's non-consolidated provisions and depreciation charges ware almost unchanged at BFr5.73bn.

ILVA income falls 42% as prices slide

By Charles Leadbeater, Industrial Editor

ILVA, the Italian state-owned steel company yesterday formally completed a three-year restructnring programme agreed with the European Commission by announcing a 42.5 per cent fall in net income to L115bn ($90m).

Tha fall in net incoma reflected a 20 per cent decline in steel prices in most markets in Europe as the result of slower economic growth.

Ilva is the latest European steel company to report a fall in profits. British Steel and Usinor Sacilor of France have reported lower 1990 profits.

Last year was only Ilva's second year in profit following the extensive reorganisation of the Italian steel industry. It plans to seek a stock exchange listing in 1993 after a third year of profitability.

Ilva said it expected steel markets to remain difficult this year. The restructuring plan pushed through considerable change within Ilva, with the closure of 12 plants since 1988, including seven last year and the sale of 10 subsidiaries to the private sector in the last three years. Ilva estimates it has reduced its costs by about L930bn. Employment has fallen from 49,000 in 1989 to 43,000 last year.

With the restructuring completed Ilva will be freed from a requirement to set aside at least 5.5 per cent of turnover for depreciation charges. This compares with an industry average of 2.5 per cent of turnover for depreciation.

Ilva's turnover last year rose 3.6 per cent to L11,470bn. Financial charges increased from L619bn in 1989 to L690bn.

Yamaha in 10% fall as sales slow

By Robert Thomson in Tokyo

YAMAHA, the world's largest market of musical instruments, reported a 10.7 per cent fall in pre-tax profit to Y10.82bn ($77.84m) for the year to end March, as sales of pianos and sndio equipment slowed.

Total sales for the period were Y383.5bn, down 0.3 per cent from a year earlier, while piano sales fell in volume by 8.4 per cent and in valus by just over 1 per cent, and electric pianos were down in volume by 17 per cent and value by 15 per cent.

The company bas been attempting to reduce its reliance on pianos, which account for 25 per cent of sales, but had only marginal success in most of the newer areas. Sales of household goods rose 16.7 per cent and sports goods by 5.4 per cent.

Total pays FFr5bn for key petrol distributor

By William Dawkins in Paris

TOTAL, tha French state-controlled oil group, has bought France's largest independent distributor of petroleum products, marking tbe latest stage of a battle for domestic market share against Elf Aquitaine, Total's larger state rival.

It has paid an undisclosed price for Petrole Distribution du Midi, a distributor of petrol, beating oils and lnbricants, with FFr5bn ($86m) of annual turnover in southern France. Petrole Distribntion dn Midi has 2 per cent of the Frencb market for refined petroleum products, lifting Total's share to 23 per cent, narrowly behind Elf Aquitaine.

Elf increased its national market share from 18 per cent to 25 per cent last week, when it received permission from the French government to buy two domestic importers and retailers, Les Fils de Jules Bianco and Compagnie Commerciale et Pétrolière de l'Ouest.

Headed by Mr Georges Tramier, Petrole Distribution du Midi owns 400 petrol stations and distribution centres. This is the latest in a series of petrolaum products distribution takeovers and reflects how intense competition sparked off by ths entry of supermarkets into petrol distribution over the past decade has squeezed margins all round. This has benefited larger suppliers able to find economies of scale and put pressure on independents, said Total officials.

Retailing chains have won a third of the French petrol market thanks to aggressive price discounting, but some have now started to suffer financially. These latest deals come five months after Casino decided to sell its petrol stations to Shell, France's third largest distributor.

CRA lifts CAIL stake to 25.6%

By Kevin Brown

CRA, ths Australian mining group, has received acceptances for a further 7 per cent of the shares in Coal and Allied Industries (CAIL), increasing its stake to 25.6 per cent.

Earlier this week, CRA increased its hostile takeover offer for CAIL from A$7.85 to A$8.50 a share, valuing the company at A$472m ($368.70).

CRA said it was confident it wonld recaive sufficient acceptances to achieve a "substantial interest" in CAIL before the bid closes on Monday.

"It is quite apparent that the pries is attractive to major shareholders, and we will only extend the bid if it is clear that tbsre are shareholders who would like to accept the bid, but have not been able to meet the deadlins for some reason," the company said.

Mr Neil Currie, CAIL chairman, has advised shareholders to reject the offer, claiming it fails to reflect the strategic value to CRA of CAIL's low-cost coal mines.

The acquisition of CAIL would probably allow CRA to overtake the Broken Hill Proprietary Company as Australia's biggest coal exporter by the middle of the decade.

● Moody's Investors Service, tha international ratings agency, yesterday downgraded the long-term debt of National Mntual Life Association of Australasia's finance division from A1 to AA2, reflecting concern about the Australian property market.

Moody's said National Mutual's reserves had been "substantially weakened" by large losses in Australian share investments, and noted that the group had undergone "rapid growth" in sales of capital guarantee products.

It also said reserves could be affected by lower returns from property investments, although reserves hsd improved recently following careful control of sales and increases in share values.

● Industrial Equity (IEL), jointly owned by three of the main companies in the troubled Adalaide Steamship group, said it had agreed to sell its 32.4 per cent stake in Australian Gas Light (AGL) for A$170m.

IEL, which was acquired from Brierley Investments of New Zealand by Adelaide Steamship, Tooth and David Jones, said AGL shareholders would be able to buy just over half the shares on a one-for-four basis. The balance of the shares will be placed with institutions.

The deal is part of the disposal of assets which is being undertaken by Adsteam group companies as part of a reconstruction agreed with its banks. However, IEL is separately financed from the rest of the group.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1991	Low 1991
Gold per troy oz.	$355.30	-1.70	$369.75	$392.25	$353.55
Silver Per troy oz	235.00p	-0.3	297.95p	237.70p	183.35p
Aluminium 99.7% (cash)	$1308	-4	$1518.5	$1570	$1283
Copper Grade A (cash)	£1278	-159.5	£1573.0	£1472	£1241.0
Lead(cash)	£327	-0.5	£484.5	£382.5	£292.5
Nickel (cash)	$8350	-280	$8537.5	$9237.5	$8312.5
Zinc SHG (cash)	$1087.5	-3.5	$1712.5	$1430	$1076.5
Tin (cash)	$5765	-5	$6450	$5915	$5470
Cocoa Futures (Jul)	£609	-13	£944	£714	£596
Coffee Futures (Jul)	£558	+2	£641	£613	£520
Sugar (LDP Raw)	$198.5	-1	$349.8	$236.0	$194.0
Barley Futures (Sep)	£107.85	+0.05	£115.75	£121.50	£107.75
Wheat Futures (Jun)	£137.25	-2.10	£122.90	£141.10	£120.60
Cotton Outlook A Index	84.75c	+1.45	86.75c	86.15c	82.65c
Wool (64s Super)	387p	+15	538p	421p	329p
Oil (Brent Blend)	$18.575w	-0.070	$17.825	$29.15	$18.75

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb. w-Jul.

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$16.10-6.25u	+0.10
Brent Blend (dated)	$18.65-8.00	+.075
Brent Blend (Jul)	$19.55-9.00	+0.20
W.T.I. (1 pm est)	$10.55-9.60u	+0.20

Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$250-262	+0
Gas Oil	$186-187	+2
Heavy Fuel Oil	$69-71	+1
Naphtha	$211-213	+6
Petroleum Argus Estimates		

Other		+ or -
Gold (per troy oz)♣	$355.30	-0.70
Silver (per troy oz)♣	405c	+1
Platinum (per troy oz)	$388.25	-2.0
Palladium (per troy oz)	$94.15	-0.85
Aluminium (free market)	$1305	
Copper (US Producer)	104c	
Lead (US Producer)	34c	
Nickel (free market)	386c	
Tin (Kuala Lumpur market)	15.49r	-0.06
Tin (New York)	268c	-1
Zinc (US Prime Western)	62c	
Cattle (live weight)†	111.58p	-0.92*
Sheep (dead weight)†	186.16p	-25.0*
Pigs (live weight)†	95.38p	+0.18*
London daily sugar (raw)	$198.5q	-1.5
London daily sugar (white)	$281.0q	+3.5
Tate and Lyle export price	£221.0	-0.5
Barley (English feed)	£108v	
Maize (US No. 3 yellow)	£179.5	+0.5
Wheat (US Dark Northern)	£100	+3
Rubber (Jun)♥	53.75p	+0.50
Rubber (Jul)♥	54.25p	+0.50
Rubber (KL RSS No 1 Jun)	225.5m	
Coconut oil (Philippines)§	$340x	-7.5
Palm Oil (Malaysian)§	$325t	+5
Copra (Philippines)§	$225u	
Soyabeans (US)	£186	+1
Cotton "A" index	84.75c	
Wooltops (64s Super)	387p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-May/Jun t-Jun u-Jul v-Jul/Aug. x-Jul/Aug. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
Aug	170.00	167.00	169.00 168.00
Oct	169.00	167.00	168.00 167.00
Mar	171.00	168.80	169.80 168.80
White	**Close**	**Previous**	**High/Low**
Aug	277.0	278.0	277.0 276.5
Oct	247.5	247.0	246.5 245.0
Mar	244.0	246.0	244.5 242.8

Turnover: Raw 214 (322) lots of 50 tonnes. White 759 (370)
Paris- White (FFr per tonne)(May 10): Aug 1626, Oct 1453.

CRUDE OIL – IPE ($/barrel)

	Latest	Previous	High/Low
Jul	18.56	19.41	18.64 10.30
Aug	19.76	19.68	10.86 10.01
Sep	20.00	20.15	20.00 19.84
Oct	20.03	20.25	20.03 19.95
Nov	20.07	20.35	20.07 20.00
IPE Index	19.07	19.04	19.07

Turnover 12802 (20834)

GAS OIL – IPE ($/tonne)

	Close	Previous	High/Low
Jun	179.00	178.00	179.25 177.00
Jul	175.25	174.25	175.00 173.75
Aug	177.75	175.75	177.75 175.50
Sep	179.50	177.25	179.50 176.25
Oct	182.00	180.00	182.00 178.25
Nov	183.75	101.75	184.50 180.25
Dec	184.50	182.00	184.50 169.80
Jan	101.00	173.50	180.50 179.60

Turnover 8582 (9364) lots of 100 tonnes

SPICES
Nutmeg and mace prices rose on reduced offers from Indonesian sellers, reports Man-producten. Long term coverage is recommended, but care should be taken over which grade to buy, since lower grades might be banned from import in certain countries. Pimento: Mexico US$1,725 a tonne c&f May shipment, $1,550 for new crop Sept/Oct shipment. Jamaica unchanged at $2,495 for May shipment. Ginger: large quantities of Nigerian ginger recently arrived at Rotterdam, but the quality, with exception of a few container loads, is miserable.

COCOA – London FOX (£/tonne)

	Close	Previous	High/Low
May	590	581	586 582
Jul	609	603	609 602
Sep	636	632	637 630
Dec	676	668	675 666
Mar	707	701	706 698
May	730	724	724 724
Jul	750	746	750 746

Turnover: 3251 (4265) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for May 16 779.57 (782.60) 10 day average for May 17 794.80 (798.64)

COFFEE – London FOX (£/tonne)

	Close	Previous	High/Low
May	531	529	538 527
Jul	568	555	565 554
Sep	582	578	588 577
Nov	602	599	607 596
Jan	621	610	627 610
Mar	636	636	643 634

Turnover:4499 (2119) lots of 5 tonnes
ICO indicator prices (US cents per pound) for May 16 : Comp. daily 68.28 (68.43). 15 day average 68.19 (68.27)

POTATOES – London FOX (£/tonne)

	Close	Previous	High/Low
Mar	134.0		134.0
Apr	136.0	134.0	136.3 134.1

Turnover 90 (82) lots of 40 tonnes.

SOYAMEAL – London FOX (£/tonne)

	Close	Previous	High/Low
Aug	127.50	128.50	127.60
Oct	134.00	131.60	134.00 132.00
Feb	141.00	140.00	141.00 139.00

Turnover 115 (20) lots of 20 tonnes.

FREIGHT – London FOX ($10/index point)

	Close	Previous	High/Low
May	1683	1675	1682 1675
Jun	1585	1568	1585 1574
Jul	1447	1430	1456 1435
Oct	1558	1683	1555 1530
Jan	1555	1520	1550 1533
BFI	1660	1649	1660

Turnover 448 (321)

GRAINS – London FOX (£/tonne)

Wheat	Close	Previous	High/Low
May	136.50	136.25	136.80 136.50
Jun	137.25	137.25	137.35 137.25
Sep	111.25		111.25
Nov	114.25	114.10	114.25 114.10
Jan	117.70		117.40
Mar	120.70	120.40	120.50
Barley	**Close**	**Previous**	**High/Low**
May	121.00		120.50 120.00
Sep	107.85	107.00	107.00
Nov	111.40		111.40

Turnover: Wheat 251 (201), Barley 12 (0). Turnover lots of 100 tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
Jun	120.3	120.3	120.2
Aug	114.0	114.5	114.0
Sep	112.3		112.1
Jan	104.4	106.3	106.0

Turnover:17 (58) lots of 3,250 kg

MGMI – London FOX

	Close	Prev.	High	Low	Vol
Indx	138.97	140.35			
Jun	140.80	141.60	141.20	140.80	60
Jul	141.20	141.50	141.20	140.80	85
Sep	141.50	142.70	142.10	141.00	90
Dec	142.30	143.00	142.30	142.00	45
Mar	143.00	143.30	143.00	143.00	20
Jun	143.30	143.50	143.30	143.30	20

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 13,299 lots
Cash	1307-8	1304-6		1303-4		
5 months	1336-7	1333-4	1338/1327	1332-3	1331-2	76,625 lots
Copper, Grade A (£ per tonne)						Total daily turnover 24,691 lots
Cash	1277-9	1271-3	1282/1250	1249-50		
3 months	1296-7	1287.5-8	1300/1266	1269-70	1288-9	115,433 lots
Lead (£ per tonne)						Total daily turnover 961 lots
Cash	328-8	321-3		320-1		
3 months	339-40	334-5	339/333	333-4	338-40	13,781 lots
Nickel ($ per tonne)						Total daily turnover 4,158 lots
Cash	8340-60	8300-25		8280-300		
3 months	8390-400	8360-75	8500/8300	8330-50	8400-10	10,409 lots
Tin ($ per tonne)						Total daily turnover 1,101 lots
Cash	5760-70	5745-55	5720	5710-20		
3 months	5840-50	5825-35	5840/5785	5790-5	5820-5	6,713 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 3,696 lots
Cash	1056-9	1081-2	1092	1091-2		
3 months	1100-2	1094-5	1115/1095	1105-6	1100-2	26,787 lots

LME Closing £/$ rate:
SPOT: 1.7210 3 months: 1.6974 6 months: 1.6780 6 months: 1.6835

LONDON BULLION MARKET
(Prices supplied by N.M.Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	355.10-355.50	
Opening	355.50-355.90	
Morning fix	354.95	203.971
Afternoon fix	355.10	204.198
Day's high	356.10-356.00	
Day's low	353.90-354.30	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	5.22	6 months	5.14
2 months	5.10	12 months	5.10
3 months	5.10		

Silver fix	p/fine oz	US cts equiv
Spot	230.45	401.65
3 months	237.60	407.55
6 months	243.10	413.45
12 months	255.15	426.75

GOLD COINS
(Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	355.00-356.00	204.00-204.50
Maple leaf	364.00-365.00	209.25-209.75
New Sovereign	85.00-86.00	49.00-49.50

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Jul	Sep	Jul	Sep
1250	87	114	8	15
1300	51	80	23	33
1350	27	54	47	56
Copper (Grade A)	**Calls**		**Puts**	
2100	111	124	36	64
2200	01	98	58	57
2250	57	73	83	114
Brent Crude	**Jul**	**Aug**	**Jul**	**Aug**
1850			20	
1900				49
1950				

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
May	355.2	356.0	0	0
Jun	356.0	357.1	357.0	354.9
Jul	357.7	358.8	0	0
Aug	358.5	359.6	359.4	357.5
Oct	361.0	362.0	362.3	361.0
Dec	364.6	365.7	365.4	363.5
Feb	367.0	368.0	368.7	368.6
Apr	370.9	372.0	0	0
Jun	374.3	375.4	0	0

PLATINUM 00 troy oz; $/troy oz.

	Close	Previous	High/Low	
Jul	392.1	393.4	392.5	388.2
Oct	396.4	397.7	397.0	393.5
Jan	400.6	401.8	400.5	397.5
Apr	404.2	405.4	403.0	403.0
Jul	408.2	409.4	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
May	400.3	400.8	405.5	399.5
Jun	400.7	401.2	0	0
Jul	403.3	403.8	409.5	401.0
Sep	405.5	406.6	411.0	405.5
Dec	415.1	415.4	418.0	413.0
Jan	417.1	417.4	418.0	418.0
Mar	422.8	422.9	0	0
May	427.8	428.1	0	0
Jul	433.0	433.3	0	0
Sep	438.7	439.0	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	99.50	99.40	100.40	98.60
Jun	98.25	99.10	98.80	98.40
Jul	98.00	98.20	98.60	96.70
Aug	97.60	97.60	97.60	97.00
Sep	97.25	57.40	97.80	96.25
Oct	97.00	97.15	57.00	96.30
Nov	96.70	96.85	96.50	96.90
Dec	96.45	96.60	96.60	95.70
Jan	96.15	96.35	96.10	95.90
Feb	95.80	96.05	96.10	95.80

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Jun	21.10	20.88	21.25	20.80
Jul	21.16	20.89	21.25	20.91
Aug	21.30	21.21	21.37	21.10
Sep	21.35	21.35	21.46	21.23
Nov	21.55	21.57	21.60	21.42
Dec	21.60	21.65	21.60	21.52
Jan	21.57	21.57	21.62	21.46
Feb	21.55	21.60	21.58	21.35

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Jun	5600	5575	5620	5555
Jul	5655	5641	5670	5610
Aug	5735	5727	5760	5705
Sep	5880	5877	5900	5880
Oct	5995	5985	6005	5970
Nov	6100	6080	0100	6060
Dec	6175	6172	6200	6100
Jan	6178	0182	6210	0170
Feb	6075	6077	6110	6076
Mar	5840	5847	5895	5840

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Jul	997	989	1006	985
Sep	1025	1017	1032	1012
Dec	1066	1060	1072	1056
Mar	1100	1101	1113	1097
May	1135	1125	0	0
Jul	1163	1154	0	0
Sep	1188	1181	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
May	88.50	86.00	88.70	88.00
Jul	89.80	88.75	89.85	89.65
Sep	21.60	90.80	91.95	91.40
Dec	94.95	93.95	95.10	94.90
Mar	98.00	96.90	98.00	97.90
May	99.78	98.66	99.75	99.75
Jul	102.50	101.00	0	0
Sep	103.30	102.75	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jul	7.85	7.89	7.87	7.78
Oct	7.82	7.65	7.65	7.54
Mar	7.70	7.67	7.71	7.62
May	7.82	7.77	7.77	7.78
Jul	7.93	7.91	0	0
Oct	8.12	8.10	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Jul	92.30	91.83	92.39	90.95
Oct	81.00	81.58	81.30	80.50
Dec	73.95	74.10	74.25	73.70
Mar	74.85	75.00	75.10	74.78
May	75.55	75.55	75.65	75.35
Jul	75.83	75.77	76.10	75.70

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	120.30	120.00	120.80	119.25
Jul	117.60	117.50	117.95	116.50
Sep	118.25	118.00	118.40	117.60
Nov	117.30	117.60	118.00	116.70

INDICES

REUTERS (Base: September 18 1931 = 100)

May 17	May 10	mnth ago	yr ago
1717.0	1715.2	1728.9	1906.8

DOW JONES (Base: Dec. 31 1974 = 100)

	May 10	May 14	mnth ago	yr ago
Spot	128.46	129.10	126.10	135.60
Futures	128.50	127.25	128.54	139.96

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
May	564/0	563/0	566/0	562/6
Jul	572/2	573/0	575/0	571/4
Aug	576/4	578/4	580/0	575/4
Sep	577/4	578/6	581/0	576/6
Nov	585/6	587/0	589/4	584/0
Jan	595/4	597/6	600/0	595/0
Mar	606/6	609/0	011/4	606/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
May	19.78	19.73	19.80	19.68
Jul	19.92	19.91	20.00	19.85
Aug	20.11	20.06	20.16	20.03
Sep	20.28	20.28	20.36	20.22
Oct	20.46	20.43	20.54	20.39
Dec	20.78	20.77	20.84	20.78
Jan	20.92	20.92	21.03	20.88
Mar	21.26	21.23	21.27	21.22

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
May	170.5	170.2	170.7	169.0
Jul	172.6	172.4	173.7	172.3
Aug	173.5	173.6	174.8	173.5
Sep	174.5	174.7	170.7	174.5
Oct	175.3	175.0	176.0	175.2
Dec	177.2	177.7	178.9	177.2
Jan	179.0	178.2	180.0	179.0
Mar	1180.5	1179.2	0	0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
May	239/2	239/2	240/0	238/0
Jul	246/0	246/4	247/6	245/4
Sep	245/6	246/0	247/0	245/0
Dec	245/4	246/0	247/0	244/6
Mar	253/0	253/4	254/0	252/0
May	256/6	257/0	258/0	256/4

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
May	282/4	283/4	283/4	281/6
Jul	288/4	289/2	290/4	288/2
Sep	298/0	298/2	298/6	296/6
Dec	309/6	310/0	311/4	309/0
Mar	318/0	318/0	318/4	316/6
May	315/4	316/4	316/4	315/4

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jun	74.92	74.77	75.07	74.65
Aug	73.12	72.80	73.37	72.85
Oct	75.12	74.62	75.22	74.67
Dec	75.57	75.07	75.70	75.10
Feb	75.25	74.82	75.32	74.87
Apr	75.80	75.42	75.92	75.60

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Jun	57.62	57.92	57.90	57.40
Jul	55.85	56.60	56.50	55.80
Aug	52.85	53.37	53.37	52.72
Oct	47.60	48.02	48.00	47.50
Dec	47.40	47.82	47.85	47.40
Feb	47.40	47.80	47.40	47.40
Apr	45.65	45.92	45.75	45.65

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
May	61.10	63.10	62.00	61.10
Jul	57.80	59.60	59.45	57.80
Aug	56.20	56.78	56.60	64.95
Feb	56.60	57.30	57.20	56.60
Mar	57.00	57.40	0	57.00

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Swedish Ecu link boosts dollar

THE DOLLAR rose sharply on news that the Swedish krona had been linked to the European currency unit. The krona was previously linked to a basket of currencies, in which the dollar had a 21 per cent weighting.

Operators were generally short of dollars and long of krona because of Sweden's interest rate advantage over the US. Yesterday's move, delinking the krona from the dollar, forced them to cover these positions.

The Swedish Central Bank denied market rumours that it had bought dollars, but there were indications that Bank Negara, the Malaysian central bank, known as a big speculative operator was involved in large dollar purchases.

Earlier in the afternoon the dollar had gained support from better than expected US trade figures. The deficit of $4.05bn maintained the recent shrinkage of the US trade gap, and was the lowest deficit for more than 7¼ years.

At the London close the dollar had climbed to DM1.7360 from DM1.6970; to Y138.45 from Y137.55; to SFr1.4670 from SFr1.4405; and to FFr5.8700 from SFr5.7575. Its index climbed to 66.3 from 65.3.

Trading among members of the European exchange rate mechanism was steady. The Swedish krona bas been pegged at SKr7.40054 per Ecu and will fluctuate up to 1.5 per cent on either side. The move was the first step in a plan to eventually apply for association with the European Monetary System, according to the authorities in Stockholm, and was welcomed in Brussels.

A statement from European Commission said Sweden's "decision will help to extend beyond the borders of the (European) Community the zone of monetary stability which has been created by the EMS."

The Swedish move was followed by a statement from Mr Rolf Kullberg, governor of the Bank of Finland, suggesting that his country should consider even more seriously linking the Finish markka to the Ecu, but there was no timetable for such a step.

Sterling was supported by a sharp rise in underlying UK inflation in April and by the ruling Conservative party's loss of the Monmouth by-election. A rise to 8.9 from 7.3 per cent in core inflation dampened speculation about a cut in UK bank base rates and the by-election result reduced the political risk in holding the pound, by effectively ruling out a general election in June.

Sterling fell 2.85 cents to $1.7165 against the strong dollar and declined to Y237.00 from Y240.00, but rose to DM2.9800 from DM2.9600; to FFr10.0750 from FFr10.0475; and to SFr2.5175 from SFr2.5126. The pound's index fell 0.4 to 91.8, but it remained the third strongest ERM currency.

£ IN NEW YORK

May.17	Latest	Previous Close
£ Spot	1.7160-1.7170	1.7500-1.7510
1 month	0.88-0.86pm	0.87-0.85pm
3 months	2.36-2.32pm	2.31-2.28pm
12 months	7.00-6.90pm	6.96-6.86pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	May.17	Previous
8.30 am	92.0	92.2
9.00 am	92.0	92.2
10.00 am	91.9	92.0
11.00 am	91.9	92.0
Noon	92.1	92.0
1.00 pm	92.0	92.1
2.00 pm	91.9	92.1
3.00 pm	91.9	92.1
4.00 pm	91.8	92.2

CURRENCY MOVEMENTS

May 17	Bank of England Index	Morgan** Guaranty Changes %
Sterling	91.8	-19.7
U.S. Dollar	66.3	-13.3
Canadian Dollar	105.3	+2.4
Austrian Schilling	108.9	+11.1
Belgian Franc	110.4	-2.7
Danish Krone	108.4	+3.4
D-Mark	116.0	+23.4
Swiss Franc	112.4	+21.3
Dutch Guilder	112.7	+15.2
French Franc	101.8	-13.6
Lira	98.3	-39.9
Yen	135.9	+67.0

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for May.15

CURRENCY RATES

May 17	Bank £ rate %	Special * Drawing Rights	European † Currency Unit
Sterling	-	0.773807	0.694351
U.S. Dollar	6.00	1.35068	1.20796
Canadian $	9.22	1.55166	1.38952
Austrian Sch.	7	16.11082	14.4798

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu May 17	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	127.438	-4.63	6.16	81
Italian Lira	1538.24	1532.60	-0.37	1.62	25
Sterling	0.696904	0.694351	-0.37	1.62	6
Belgian Franc	42.4032	42.3300	-0.17	1.42	16
Dutch Guilder	2.31643	2.31832	0.08	1.16	3
D-Mark	2.05586	2.05776	0.09	1.15	4
Irish Punt	0.767417	0.768668	0.16	1.08	-1
Danish Krone	7.84195	7.86263	0.26	0.98	-5
French Franc	6.89509	6.98081	1.24	0.00	-60

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

May 17	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7145 - 1.7465	1.7160 - 1.7170	0.87-0.85cpm	6.01	2.37-2.34pm	5.49
Canada	1.9760 - 2.0060	1.9775 - 1.9785	0.47-0.40cpm	2.64	1.19-1.07pm	2.29
Netherlands	3.3370 - 3.3625	3.3525 - 3.3625	¾-⅝cpm	2.68	2-1¾pm	2.23
Belgium	60.20 - 61.25	60.20 - 60.30	17-12cpm	2.89	41-29pm	2.32
Denmark	11.3125 - 11.3850	11.3500 - 11.3600	2¼-1½orepm	1.98	5-3½pm	1.56
Ireland	1.1035 - 1.1150	1.1105 - 1.1115	0.20-0.15cpm	1.89	0.50-0.40pm	1.62
Germany	2.9600 - 2.9825	2.9775 - 2.9825	¾-⅝pfpm	2.77	1⅞-1¾pm	2.43
Portugal	257.90 - 259.75	258.70 - 259.70	61-33cpm	2.18	26-28pm	0.42
Spain	183.25 - 184.30	183.65 - 183.95	20-25cdis	-1.47	77-88dis	-1.80
Italy	2203.00 - 2212.00	2206.00 - 2207.00	2lirepm-par	0.54	3pm-par	0.27
Norway	11.5270 - 11.5925	11.5825 - 11.5925	2¼-1½orepm	1.94	4½-3½pm	1.36
France	10.0425 - 10.0975	10.0700 - 10.0800	2¼-2cpm	2.53	5¾-5¼pm	2.16
Sweden	10.6025 - 10.6660	10.6025 - 10.6125	¼-¼orepm	0.21	1¼-1¾oredis	-0.54
Japan	237.25 - 240.10	237.25 - 238.25	¾-¾ypm	4.10	2¾-2¼pm	3.79
Austria	20.83 - 20.94	20.91 - 20.94	5½-4¼gropm	2.76	13¼-11¼pm	2.33
Switzerland	2.5120 - 2.5225	2.5125 - 2.5225	¾-⅝cpm	3.87	2-1¾pm	2.98
Ecu	1.4395 - 1.4455	1.4415 - 1.4425	0.26-0.21cpm	1.96	0.67-0.60pm	1.76

Commercial rates taken towards the end of London trading. Six-month forward dollar 4.28-4.23cpm, 12 Month 7.10-7.00pm

EURO-CURRENCY INTEREST RATES

May 17	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	11⅞ - 11¾	11⅞ - 11¾	11⅞ - 11¾	11⅝ - 11½	11½ - 11⅜	11⅝ - 11⅛
US Dollar	5¾ - 5¼	5¾ - 5¼	5⅞ - 5¾	6⅛ - 5⅞	6¼ - 6⅛	6⅝ - 6½
Can. Dollar	9 - 8¾	9 - 8¾	8⅞ - 8¾	8⅞ - 8¾	9 - 8¾	9⅛ - 8⅞
Dutch Guilder	9¼ - 8¾	9¼ - 8¾	9⅛ - 9	9⅛ - 9⅛	9⅛ - 9⅛	9⅛ - 9⅛
Swiss Franc	8¼ - 8	8¼ - 8⅛	8⅛ - 0⅛	8¼ - 8⅛	8¼ - 0⅛	0⅛ - 7⅞
D-Mark	0⅞ - 0¾	8⅞ - 8¾	0⅞ - 8¾	9 - 0⅞	9¼ - 9	9⅛ - 9⅛
French Franc	9⅛ - 9	9⅛ - 9	9⅛ - 9	9¼ - 9	9¼ - 9	9⅛ - 9⅛
Italian Lira	12 - 10	11½ - 10½	11¼ - 10¾	11¼ - 10¾	11¼ - 11	11½ - 11⅛
Belgian Franc	8⅞ - 8⅞	0⅞ - 8⅞	9 - 8¾	9⅛ - 9⅛	9¼ - 9¼	9⅛ - 9⅛
Yen	7⅞ - 7¾	7⅞ - 7¾	7⅞ - 7¾	7¾ - 7⅞	7⅞ - 7¾	7⅞ - 7¾
Danish Krone	10¼ - 10	10 - 9¾	9⅞ - 9⅞	9⅞ - 9⅞	9¾ - 9¾	9¾ - 9¾
Asian $Sing.	6 - 5¾	6 - 5¾	6 - 5¾	6⅛ - 5⅞	6⅛ - 6⅛	6¾ - 6⅞

Long term Eurodollars; two years 7½-7¼ per cent; three years 7⅞-7⅞ per cent; four years 8⅛-8⅛ per cent; five years 8½-8¼ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

May 17	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7145 - 1.7465	1.7160 - 1.7170	0.87-0.85cpm	6.01	2.37-2.34pm	5.49
Ireland†	1.5455 - 1.5790	1.5455 - 1.5465	0.60-0.55cpm	4.46	1.63-1.53pm	4.09
Canada	1.1490 - 1.1515	1.1500 - 1.1510	0.31-0.35cdis	-3.44	0.82-0.88dis	-2.96
Netherlands	1.9130 - 1.9565	1.9555 - 1.9565	0.52-0.55cdis	-3.28	1.45-1.48dis	-2.98
Belgium	34.95 - 35.20	35.05 - 35.15	8.20-10.20cdis	-3.15	23.00-29.00dis	-2.96
Denmark	6.4995 - 6.6175	6.6125 - 6.6175	2.10-2.40oredis	-4.08	5.75-6.35dis	-3.66
Germany	1.6955 - 1.7365	1.7355 - 1.7365	0.44-0.46pfdis	-3.11	1.24-1.27dis	-2.89
Portugal	150.35 - 150.55	150.40 - 150.50	40-55cdis	-3.79	170-210dis	-5.05
Spain	105.10 - 107.25	107.05 - 107.15	65-68cdis	-7.45	174-180dis	-6.61
Italy	1264.00 - 1287.00	1285.25 - 1285.75	5.40-5.90liredis	-5.27	15.80-16.80dis	-5.07
Norway	N/A	6.7475 - 6.7525	2.26-2.56oredis	-4.28	6.40-6.90dis	-3.94
France	5.7550 - 5.8725	5.8675 - 5.8725	1.61-1.66cdis	-3.34	4.34-4.44dis	-2.99
Sweden	6.1020 - 6.2000	6.1775 - 6.1825	3.05-3.30oredis	-6.17	8.60-9.05dis	-5.71
Japan	137.50 - 138.50	138.40 - 138.50	0.22-0.24ydis	-1.99	0.58-0.61dis	-1.72
Austria	11.9600 - 12.0150	12.0100 - 12.0150	3.30-3.75grodis	-3.52	9.00-10.20dis	-3.20
Switzerland	1.4370 - 1.4675	1.4665 - 1.4675	0.28-0.30cdis	-2.37	0.79-0.82dis	-2.19
Ecu†	1.1895 - 1.2110	1.1895 - 1.1905	0.43-0.40cpm	4.18	1.09-1.03pm	3.56

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EXCHANGE CROSS RATES

May.17	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C$	B Fr.	ECU
£	1	1.717	2.980	237.8	10.08	2.518	3.358	2207	1.978	60.25	1.442
$	0.582	1	1.736	138.5	5.871	1.467	1.956	1285	1.152	35.09	0.840
DM	0.336	0.576	1	79.80	3.383	0.845	1.127	740.6	0.664	20.22	0.484
YEN	4.205	7.220	12.53	1000.	42.39	10.59	14.12	9281	8.318	253.4	6.064
F Fr.	0.992	1.703	2.956	235.9	10.	2.498	3.331	2189	1.962	59.77	1.431
S Fr.	0.397	0.682	1.183	94.44	4.003	1	1.334	876.5	0.786	23.93	0.573
H Fl.	0.298	0.511	0.887	70.82	3.002	0.750	1	657.2	0.589	17.94	0.429
Lira	0.453	0.778	1.350	107.7	4.567	1.141	1.522	1000.	0.896	27.30	0.653
C$	0.506	0.868	1.507	120.2	5.096	1.273	1.698	1116	1	30.46	0.729
B Fr.	1.660	2.850	4.946	394.7	16.73	4.179	5.573	3663	3.283	100.	2.393
ECU	0.693	1.191	2.067	164.9	6.990	1.746	2.329	1531	1.372	41.78	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.7165	1.7079	1.6930	1.6740	1.6460
D-mark	2.9800	2.9719	2.9606	2.9375	2.9095
French Fr.	10.075	10.050	10.012	9.9645	9.8910
Swiss Fr.	2.5175	2.5100	2.4967	2.4793	2.4465
Yen	237.75	236.95	235.48	233.50	229.71

MONEY MARKETS

Bank lends at 12%

There was a firmer tone to wholesale interest rates in London yesterday, after a sharp rise in underlying UK inflation and after the Bank of England supplied loans to the money market at the existing bank base rate for seven days.

A large fall in headline year-on-year inflation had been expected in April, but the drop to 6.4 from 8.2 per cent was not quite as good as most forecasts. It was the underlying rate that caused most concern however. Stripping out mortgage payments and local taxes the underlying rate rose to 8.9 from 7.3 per cent.

UK clearing bank base lending rate 12 per cent from April 12, 1991

This was followed by Bank of England loans to the money market for the sixth Friday running. The rate was unchanged at 12 per cent, but the signal was not as strong as the previous week when the central bank lent money for 14 days.

Three-month sterling interbank rose to 11 11/16-11 9/16 from 11⅝-11½ per cent and 12-month money firmed to 11¼-11⅛ from 11 3/16-11 1/16 per cent.

Prices of short sterling futures weakened on Liffe. June delivery opened little changed at 88.80, but fell to a low of 88.60 and closed at 88.68 compared with 88.79 previously.

Day-to-day credit remained in short supply on the cash market. The Bank of England initially forecast a shortage of £800m, but revised this to £850m at noon. Total assistance of £793m was provided.

An early round of help was offered and at that time the authorities bought £55m bills outright, by way of £1m bank bills in band 1 at 11⅞ per cent and £54m bank bills in band 2 at 11 13/16 per cent.

Before lunch another £278m bills were purchased, via £1m Treasury bills in band 1 at 11⅞ per cent; £110m bank bills in band 1 at 11⅞ per cent; £1m Treasury bills in band 2 at 11 13/16 per cent; and £166m bank bills in band 2 at 11 13/16 per cent.

In the afternoon the Bank of England did not offer to buy bills from the market, but invited the discount houses to use their borrowing facilities. A total of £460m was then lent to the market at 12 per cent for seven days.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £818m, with a rise in the note circulation absorbing £570m, and bank balances below target £85m. These outweighed exchequer transactions adding £660m to liquidity.

FT LONDON INTERBANK FIXING

(11.00 a.m. May.17) 3 months US dollars		6 months US Dollars	
bid 5 13/16	offer 6 1/16	bid	offer 6⅛

BASE LENDING RATES

	%		%		%
Benchmark Bank	12	Hampshire Trust Plc	13½	United Mizrahi Bank	12½
Brit Bk of Mid East	12	Heritable & Gen Inv Bnk	12	Unity Trust Bank Plc	12
● Brown Shipley	12	● Hill Samuel	12	Western Trust	12
CL Bank Nederland	12	C. Hoare & Co.	12	Westpac Bank Corp.	12
● Charterhouse Bank	12	Hongkong & Shanghai	12	Whiteaway Laidlaw	12
Citibank NA	12	● Leopold Joseph & Sons	12	Yorkshire Bank	12
City Merchants Bank	12	Lloyds Bank	12		
Clydesdale Bank	12	Meghraj Bank Ltd	12		

● Members of British Merchant Banking & Securities Houses Association.

BANK RETURN

BANKING DEPARTMENT	Wednesday May 15, 1991		Increase or decrease for week
LIABILITIES	£		£
Capital	14,553,000		
Public Deposits	63,649,500	-	3,324,399
Bankers Deposits	1,691,687,754	+	28,483,922
Reserve and other Accounts	2,818,815,837	-	32,337,301
	4,588,706,091	-	7,177,778
ASSETS			
Government Securities	1,331,248,718	-	15,730,312
Advance and other Accounts	2,764,120,786	+	198,161,842
Premises Equipment & other Secs	483,354,230	-	189,784,665
Notes	9,777,395	+	145,630
Coin	204,962	+	29,717
	4,588,706,091	-	7,177,778
ISSUE DEPARTMENT			
LIABILITIES			
Notes in circulation	15,620,222,605	-	270,145,630
Notes in Banking Department	9,777,395	+	145,630
	15,630,000,000	-	270,000,000
ASSETS			
Government Debt	11,015,100		
Other Government Securities	10,708,380,677	-	457,892,164
Other Securities	4,910,604,223	+	187,892,164
	15,630,000,000	-	270,000,000

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

Wimbledon & South West Finance PLC
114 Newgate St, London EC1 7AE 071-606 9485
High Int Cheque Acc. 12.25 9.19 11.82 Qtr

NOTES- Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate'. Int Crd Frequency at which interest is credited to the account.

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) stocks are not regulated by the International Stock Exchange of the United Kingdam and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

RULE 535 (4) (a)

Bargains marked in securities where principle market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Ampol Exploration A$2.61 (15/5)
Aust. Foundation Inv A$1.92
Boral Ord A$3 73

Tarmac Finance (Jersey) Ld8½% Cnv Cap Bds 2006 (Reg £1000) – £101¼ 2
Tesco Capital Ld9% Cnv Cap Bds 2005(Reg) – £190¼ ½ ¾ .818 1 1 .065 ¼ ½ 2
THORN EMI Capital NV5¾% Gtd Red Cnv Prf 2004 (Br£5000) – £112¼
United Biscuits Finance NV8¾% Gtd Red Cnv Prf 2003 – £117
Wates City of London Properties PLC Red Warrants to sub for Ord – £138¼ 40½ (10My91)

Commercial, Industrial, etc

Plantations

Anglo-Eastern Plantations PLC Warrants to sub for Ord – 13
12¾% Uns Ln Stk 95/99 – £94 8 (10My91)
Chillington Corporation PLC Warrants to sub for Ord – 8 (10My91)
9½% Cum Red Prf £1 – 80
9% Cnv Uns Ld Stk 1999 – £57 01 5 (14My91)
Narborough Plantations PLC Ord 10p – 28 (14My91)
United Plantations Africa Ld Ord R0.50 – £0.2 0.2 (10My91)

Rule 535(2)

Sun Oil Britain Ld Oil Royalty Stk Units 1p – £0.23 (15My91)
Thwaites(Daniel)& Co PLC Ord 25p – £21.9 (15My91)
Transatlantic Hldgs PLC Ord 50p – £3.18 (14My91)
Cnv Cum Prf 50p – £3 3.8 3.83 3.84
Video Magic Leisure Group PLC Ord 1p – £0.01
Vista Entertainments PLC Ord 5p – 2¼
Weetabix Ld"A" Non.V Ord 25p – £5.8
7% Prf £1 – £0.8 (10My91)
Yates Bros Wine Lodges PLC Ord 25p – £0.78

LONDON STOCK EXCHANGE

Subdued close to the trading account

AN EXCITING but ultimately disappointing week in the UK stock market ended yesterday with a further setback as dwindling hopes that a base rate cut would follow the latest inflation data finally proved fruitless. The fall to a 6.4 per cent annual rise in inflation for April from 8.2 per cent in March was not up to the City's median forecast; more to the point for the market was the comment from Mr Norman Lamont, the UK Chancellor of the Exchequer, that he was "totally at one" with the Bank of England which has been urging caution all this week on premature reductions in interest rates.

The FT-SE Index has fallen by more than 70 points, or 2.8 per cent, this week despite the strong rise in ICI shares as Hanson Group has taken a 2.82 per cent stake in the blue chip chemical company and left market analysts to guess at the next move in what could be Britain's largest takeover.

Account Dealing Dates		
*First Dealings:		
Apr 29	May 20	Jun 3
Option Declarations:		
May 16	May 30	Jun 13
Last Dealings:		
May 17	May 31	Jun 14
Account Day:		
May 28	Jun 10	Jun 24

*New-time dealings may take place from 8.30 am two business days earlier.

Over the three week trading account in equities which closed last night, the setback has been much more modest – a mere 17.4 loss on the Footsie. The early part of the account saw share prices rising sharply as investors speculated that base rates might be cut by half a point in the wake of yesterday's news on UK inflation.

Equities tried to open firmer yesterday behind good performances in Tokyo and New York but soon found themselves unable to brush off the political implications of the severe defeat suffered by Mr John Major's government at the Monmouth by-election.

By early afternoon, the market was down by more than 27 Footsie points at 2,444.6, with the market flinching at the loss of FT-SE 2,450, widely seen as a testing level. The picture looked somewhat gloomy as Wall Street opened with an early loss of 21 Dow points.

However, the UK market rallied as it moved into the new account and the final bell showed the FT-SE Index at 2,453.9 for a net loss on the day of 18 points. Turnover, which had been very low at first, also picked up towards the close and the final Seaq total for the day reached 492.6m shares, just short of Thursday's 496.8m.

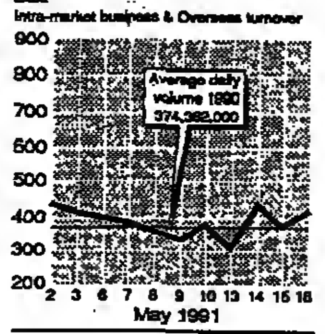
ICI gave back part of the week's gain after some analysts suggested that Hanson could face both regulatory and financial problems in making a full bid. However, the shares remained substantially above the price paid by Hanson for its 20m share stake. Trading volume in the stock was much reduced from the hectic activity earlier in the week.

The less optimistic view on interest rates bore down on high street retailers, but some food retailers and supermarket groups rallied from the setback which greeted Thursday's announcement of a rights issue from Argyll, a move expected to increase competition in the industry.

● Trading volume has settled once again below last year's daily average – except on Tuesday when Hanson Group purchased its 2.82 per cent equity stake in ICI.

London SE volume

Turnover by volume (million)
Excl:
Intra-market business & Overseas turnover



FINANCIAL TIMES STOCK INDICES

	May 17	May 16	May 15	May 14	May 13	Year Ago	1991 High	1991 Low	Since Compilation High	Since Compilation Low
Government Secs	84.04	84.24	84.202	84.33	84.78	78.74	85.88 (19/2)	82.17 (2/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	93.51	93.58	93.57	93.91	94.10	87.27	94.84 (5/4)	90.59 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share●	1926.2	1938.9	1926.2	1925.3	1942.6	1793.3	2014.5 (5/4)	1606.3 (16/1)	2014.5 (5/4/91)	49.4 (26/6/40)
Gold Mines	155.8	156.5	153.8	144.5	144.2	207.1	179.7 (14/1)	127.0 (22/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2453.9	2471.9	2459.4	2463.7	2486.6	2269.1	2545.3 (5/4)	2054.8 (16/1)	2545.3 (5/4/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1151.02	1151.25	1146.26	1154.15	1163.36	-	1176.39 (15/4)	938.62 (16/1)	1176.39 (15/4/91)	938.62 (16/1/91)
●Ord. Div. Yield	4.96	4.94	4.96	4.96	4.94	5.13				
●Earning Yld %(full)	8.71	8.66	8.77	8.80	8.65	11.56				
●P/E Ratio(Net)(*)	14.19	14.27	14.08	14.03	13.89	10.48				
SEAQ Bargns 4.45pm	32,707	30,188	29,129	28,463	28,792	36,128				
Equity Turnover(£m)†	-	1268.22	850.91	1062.10	991.02	1156.67				
Equity Bargains†	-	29,932	26,076	26,279	28,343	36,126				
Shares Traded (ml)†	-	434.6	375.4	436.3	305.6	478.1				

[illegible]

Ordinary Share Index, Hourly changes — Day's High 1939.2 — Day's Low 1920.8

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1938.8	1936.5	1932.6	1927.8	1926.9	1923.7	1920.8	1923.4	1923.6

FT-SE 100, Hourly changes — Day's High 2473.5 — Day's Low 2444.6

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2473.5	2458.7	2464.0	2458.4	2453.5	2450.0	2444.8	2448.5	2449.8

FT-SE Eurotrack 200, Hourly changes — Day's High 1151.76 — Day's Low 1145.37

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1151.26	1150.78	1150.52	1150.24	1148.76	1148.12	1148.03

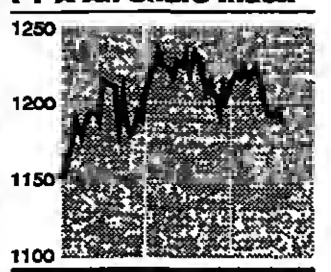
GILT EDGED ACTIVITY

Indices*	May 16	May 15
Gilt Edged Bargains	95.4	87.9
5-Day average	96.6	82.9

*SE Activity 1974. †Excluding intra-market business & Overseas turnover.

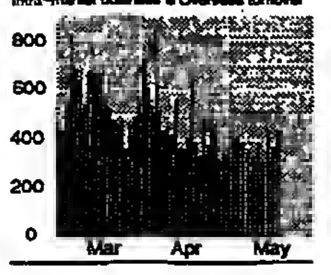
London report and latest Share index: Tel. 0898 123001

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



TRADING VOLUME IN MAJOR STOCKS

Stock	Volume 000's	Closing price	Day's change
[illegible]			
British Land	559	279	-3
BP	8,100	322	-3
British Steel	1,300	128	-1
British Telecom	4,100	352	-2
Bunzl	343	91	-1
Burmah Castrol	449	547	-1
Burton	12,000	77	-2
Cable & Wire.	1,000	818	-4
Cadburys	2,700	354	-2
Calor Group	95	218	+3
Carlton Comms.	157	434	-6
Coats Viyella	2,300	145	-1
Comm. Union	886	401	-10
Cookson	1,200	118	-8
Courtaulds	292	395	-3
[illegible]			
ICI	7,200	1247	-19
Inchcape	2,200	327	-1
Kingfisher	2,800	480	-11
Ladbroke	1,800	287	
Land Securities	586	524	-5
Laporte	110	570	-12
Legal & General	465	430	-4
Lloyds Abbey	378	400	-2
Lloyds Bank	1,400	332	-8
LASMO	932	330	-10
London Elect.	325	205	-1
Lonrho	1,100	251	-3
Lucas	706	158	-2
MB Caradon	490	223	
MEPC	1,300	509	-3
[illegible]			
Racal	11	286	-1
Reuters	585	815	-3
Rolls Royce	2,300	164	-4
Rothmans	162	833	-10
Ryl Bk Scotland	857	101	-2
Royal Insurance	1,000	429	-9
Saatchi	14,000	13	-¼
Sainsbury	1,500	378	+1
Scottish & New.	884	388	-2
Sears	7,200	87	-2
Sedgwick	1,000	243	-9
Seeboard	220	189	+1
Severn Trent Water	2,400	274	-9
Shell Transport	4,000	503	-2
Siebe	49	308	-1
[illegible]			
United Biscuits	1,300	365	
Utd. Newspapers	243	345	-3
Water Package Uts.	3	£2998	-32
Wellcome	422	578	-7
Welsh Water	305	332	
Wessex Water	236	338	+3
Whitbread 'A'	49	480	+1
Wiggins Teape	1,900	227	-7
Williams Hldgs.	390	299	-2
Willis Corroon	328	293	-5
Wimpey	38	206	-2
Yorkshire Elect.	185	239	-1
Yorkshire Water	830	326	-3

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm.

EQUITY FUTURES AND OPTIONS TRADING

ACTIVE dealing in Amstrad options depressed the shares as a large bearish trade lifted turnover in the derivative markets. A buyer of 1,700 December 70 puts caused weakness in the underlying securities and the shares closed 4½ down at 67½p.

The trade gives the holder of the puts the right to sell 1.7m Amstrad shares for 70p at any time until the end of this year. Talk of increased competition from Apple of the US and weak UK sales were behind the bearish sentiment.

Hanson and ICI remained popular option contracts as investors continued to weigh up the likelihood of Hanson launching a bid for ICI.

Near-dated Hanson options continued to attract speculative interest, particularly the May 220 calls. In ICI, selling of July 1100 calls boosted dealing.

Differing views on Asda created a two-way pull in its options, although trades tended to be bearish. A seller of July 110 calls and buyer of July 120 puts indicated unease, although the shares were rising against a weak market.

There was also uncertainty about the immediate outlook for UK shares in the equity futures market. The June FT-SE 100 index contract finished 17 points lower at 2,461, but in after-hours dealing it climbed to 2,472, a near 20-point premium to the closing level of the FT-SE index.

LEADERS AND LAGGARDS

Percentage changes since December 31 1990 based on Thursday May 16 1991

Chemicals	+	32.58	500 Share Index	+	16.11
Textiles	+	30.13	All Share Index	+	15.87
Packaging, Paper & Printing	+	27.15	Stores	+	15.80
Telephone Networks	+	26.21	Transport	+	15.80
Electricals	+	25.34	Capital Goods	+	15.59
Health & Household	+	24.59	Electronics	+	15.00
Other Groups	+	22.29	Brewers and Distillers	+	13.80
Business Services	+	21.65	Financial Group	+	13.54
Merchant Banks	+	20.92	Food Manufacturing	+	12.44
Electricity	+	20.86	Water	+	12.22
Investment Trusts	+	20.33	Metals & Metal Forming	+	11.26
Conglomerates	+	20.01	Insurance(Composite)	+	11.86
Food Retailing	+	19.74	Building Materials	+	11.84
Engineering-General	+	19.53	Motors	+	9.32
Other Industrial Materials	+	18.95	Engineering-Aerospace	+	9.06
Industrial Group	+	18.58	Hotels & Leisure	+	8.80
Banks	+	18.50	Insurance(Brokers)	+	6.79
Media	+	18.40	Property	+	2.38
Consumer Group	+	17.49	Oil & Gas	+	1.91
Contracting, Construction	+	16.99	Gold Mines Index	+	1.01
Insurance(Life)	+	16.48			

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	09/92	103-18	-02/32	10.63	10.40	10.64
		9.000	03/00	92-13	-02/32	10.33	10.12	10.08
		9.000	10/08	90-30	-06/32	10.11	9.92	9.83
US TREASURY *		8.000	05/01	98-31	-05/32	8.15	8.11	7.93
		8.125	05/21	97-11	-10/32	8.37	8.32	8.09
JAPAN	No 119	4.800	6/99	88.5426	+0.122	7.02	7.05	7.03
	No 129	6.400	03/00	98.7731	+0.001	6.62	6.82	6.66
GERMANY		9.000	01/01	103.0800	+0.030	8.41	8.39	8.33
FRANCE	BTAN	9.000	02/96	100.1992	+0.036	8.92	8.92	9.01
	OAT	9.500	01/01	104.0700	+0.060	8.84	8.78	8.81
CANADA *		9.750	06/01	100.7500	-	9.63	9.58	9.49
NETHERLANDS		8.500	03/01	99.0300	-0.080	8.64	8.63	8.56
AUSTRALIA		13.000	07/00	114.0642	+0.181	10.56	10.87	10.84
BELGIUM		10.000	06/00	104.8500	-0.060	9.16	8.91	8.92

London closing, *denotes New York morning session
Yields: Local market standard. Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

Dutch boost for Glaxo

The announcement by Glaxo that it had won approval in Holland for its anti-migraine drug gave a healthy fillip to the share price which ticked up 26 to 1099p in the afternoon with a turnover of 1.4m. The stock also attracted strong support in New York.

The pharmaceuticals group said that marketing approval and sales for Sumatriptan under the brand name, Imigran, would start within the next month.

Mr Martin Hall, of securities house UBS Phillips & Drew, said the gain in the share price principally reflected increased optimism by investors. He said the news on Sumatriptan, including the prospect of a European launch in fiscal 1991, had already been in part anticipated. Mr Stewart Adkins of Lehman Brothers said Sumatriptan "could be a billion dollar drug. It is reaching a market where there is a high degree of clinical need and there is an opportunity to price aggressively."

Disappointing debut

Mr Robert Maxwell's reported comment over the flotation of his Mirror Group Newspapers - that "even a one-eyed Albanian" could tell they would sell at a premium" - appeared somewhat optimistic as first dealings started yesterday. The stock closed at 125½p, a premium of only half a penny on the issue price, after starting the day at 126½. Turnover was 29m.

Mr John Kenny of BZW said: "It does not appear that there have been a lot of people prepared to buy the stock. There was very little institutional buying."

Securities house Smith New Court, which handled the UK side of the share flotation, said external events - the by-election in Monmouth, Wales, disappointing inflation figures and the end of the trading account - had conspired to dampen enthusiasm and the hoped-for 5 to 6p premium failed to materialise.

Salomon Brothers, the US investment house which co-ordinated the overseas side of the flotation, said there was overseas institutional demand, particularly in the United States.

News that negotiations had opened for the sale of the Cammell Laird shipyard at Birkenhead lifted shares of the yard's owner VSEL Consortium 5 to 408p. The submarine builder put the yard up for sale last November after a government reassessment of defence needs.

VSEL and the prospective purchaser AMEC, the engineering construction and property group, warned yesterday that the talks were delicate and at an early stage. AMEC raised £110m through a rights issue in March to repay short-term debts and fund acquisitions. Its shares eased a penny to 222p.

ICI lost some of its heavy gains on reports that the banking community was unlikely to support a full-scale bid by Hanson, which earlier this week bought a 2.82 per cent stake in the chemicals giant.

The shares slipped 19 to 1247p on a turnover of 7.1m, heavy for the stock. It also suffered because many marketmakers found themselves with too much of the stock on their hands, following the frenetic buying of the past few days, and decided to take profits on the final day of the trading account. Hanson lost 5 to 215½p on a turnover of 6.4m.

The impact of BOC's 12 per cent profit fall over the past six months made itself felt in the market and the industrial gases and health care group lost 9 to 531p.

Cookson, the industrial materials group, reacted quickly when a US-based marketmaker came off the bid for stock, leaving the market at the mercy of sellers. It was assumed the securities house had completed a sizeable buying order and that the sales were prompted by investors picking up adverse trading items relating to the group's businesses. The stock settled 6 down at 116p.

Laporte turned back 12 to 570p after the chairman told the annual meeting yesterday that "historic growth rates will be difficult to match this year and the flat performance that began towards the end of 1990 was continuing."

Amstrad ran into a flurry of selling and the shares were additionally weakened by pressure emanating from the traded options market. The shares closed 4½ off at 67½p on turnover of 4m. Behind the weakening share price were worries about intense competition, and shrinking margins, in the personal computer market.

Storehouse fell 9 to 102p as Goldman Sachs brought out a bearish note ahead of the company's final results on Thursday, which according to the US investment house "will not make pleasant reading." Goldman expects Storehouse to report final profits of £11.5m, once exceptional items are stripped out.

For the current year, it has reduced its forecast to £23.5m from £30m. Weak clothing sales and gloomy statements from other retailers point to lower profitability and further reductions in estimates remain a possibility, said Mr Paul Morris of Goldman.

Kingfisher dropped 11 to 480p on speculation that it may issue a convertible capital bond. Burton slipped 2 to 77p as 12m changed hands on continuing worries over current trading.

Unilever was bolstered by stronger-than-expected first quarter results. Profits of £372m were slightly above market expectations. The shares initially rallied 19 to 748p but later fell back as the market declined. Unilever closed 5 lower at 724p. Analysts left their full year estimates unchanged at just below £1.9bn, which compares with £1.782bn last year.

Booker slipped 13 to 477p as brokers with forecasts at the higher end of the range reduced their estimates following a visit to its US operations. Most forecasts for the current year are between £120-125m, against £120-130m previously. The downgrades followed caution by the company on current UK trading.

Office equipment supplier Business Technology Group (BTG) steadied after Thursday's extreme volatility and ended showing a recovery of 6 at 50p. After the close of official trading the company said it knew of no reason for Thursday's wild price fluctuations but had obtained an injunction to prevent a major shareholder selling more shares. BTG maintain he broke an undertaking given last year by selling stock last month without the consent of the board.

Speculation of takeover possibilities gave additional momentum to Phillip Harris, the laboratory equipment supplier, which ended an exceptional week at 133p, up 12, for a five-day gain of 33. There was also talk market that the group had been awarded a large contract in the far East.

The long and often acrimonious battle between textile manufacturers Coats Viyella and Tootal ended with the former snatching control just before yesterday's closing date of its £252m bid, now been declared unconditional. Tootal shares closed at 88p, up 4, and in line with the Coats' offers with the latter closing at 145p, down 1.

Worries that the politically-sensitive water stocks would run into a barrage of selling pressure if the Conservative Party received a mauling in the Monmouth by-election proved wide of the mark. The sector was marked lower at the outset, and thereafter tracked the wider market.

Dealers said there had been evidence of further unravelling of the Water Package Units but they emphasised that this was merely the maintainance of the recent trend and nothing out of the ordinary. Trading in the Package Unit ceases on July 12, after which the constituents will have to be traded individually. The Package fell 32 to £2998.

Mr Steve Doe, water specialist at Smith New Court, said the sector "looks cheap; the 51 per cent prospective yield premium to the market to March 1992 more than discounts the risks of a Labour Government and future regulatory interference," said the Smith analyst. Smith favours Anglian, North West and Welsh, all of which, the broker said, offer low risk, high quality and liquidity.

■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 9.

NEW HIGHS AND LOWS FOR 1991

[illegible]

RISES AND FALLS YESTERDAY

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	7	63	14	56	269	93
Corps, Dom. & Foreign Bonds	0	5	15	5	26	69
Industrials	156	401	972	846	2,004	4,807
Financial and Props	53	167	520	298	857	2,553
Oils	14	27	52	46	147	268
Plantations	2	0	8	3	7	40
Mines	31	26	106	152	171	492
Others	61	23	83	174	354	292
Totals	324	712	1,770	1,582	3,835	8,614

COMMODITIES

WEEK IN THE MARKETS

The contango is back in fashion

THE COPPER squeeze fizzled out on Tuesday, and by Wednesday the market was back in contango – leaving all the London Metal Exchange base metals in contango for the first time for more than four years.

A contango should be the normal state of a futures market; it means that the price for cash metal is at a discount to the price for metal for delivery in three months' time. It should reflect the cost of storing and insuring the metal. A strong contango gives a firm signal to the market that adequate supplies of metal are in the pipeline.

The turnaround in the copper market was rapid, although it was expected that prices would fall sharply once the technical squeeze ended. On Monday, when the LME said it was monitoring the volatile market carefully, the price of borrowing (buying cash and selling forward) copper for one day reached £40 a tonne. Cash metal closed at £1,443 a tonne, a premium of £97 over the three-month price.

But the cash price fell by £99 on Tuesday, and on Wednesday cash copper closed at £1,282 a tonne, at a contango of £6.50.

The fall has been too late to halt the flood of copper attracted into LME warehouses by the high premiums. On Tuesday copper stocks, already at a seven-year high, rose by 11,950 tonnes, and yesterday a further 12,200 were added, taking the total to 285,925 tonnes.

Mr Martin Abbott, the LME's director of marketing, suggested on Monday that copper was going though a "choppy period" because there was still a split of opinion about whether there would be a surplus this year. This choppiness could go on for some time before there was a clear consensus of opinion about the fundamental market direction.

LME WAREHOUSE STOCKS (As at Thursday's close) tonnes		
Aluminium	+300	to 370,550
Copper	+12200	to 285,925
Lead	-25	to 74,675
Nickel	-288	to 8,202
Zinc	-325	to 118,600
Tin	+450	to 16,200

But many analysts take a positively gloomy view. According to Mr Robin Bhar of Carr Kitcat & Aitken, key copper consuming sectors in the US such as the construction and automotive industries will remain depressed and consumption in Germany is is likely to be restrained by slowing economic growth caused by the mounting costs of reunification. He believes stocks will keep on rising this year, leading to prices between 70 and 80 cents a lb.

The market has disregarded the strike by Polish copper miners. The only other positive sign on copper's horizon appears to be the threat of disruption at Chile's Codalco, where critical labour negotiations are due to start.

Yesterday cash copper closed at £1,278 a tonne, a rise of £6 on the day and but down £159.50 on the week, with a contango of £18.50.

The other big mover on the LME this week has been nickel, which has steadily retreated. On Tuesday both cash and three-month metal fell below the $8,500-a-tonne level, triggering further selling. Stocks rose by 42 tonnes to a new 10-month high of 8,490 tonnes on Tuesday; although stocks fell back to 8,202 tonnes yesterday, this is way above the 3,570 tonnes at the beginning of the month.

Falconbridge said yesterday that its Sudbury nickel smelter was running at only 40 per cent capacity after a power failure. It was expected to be running properly late next week.

The news lifted the market yesterday afternoon, but cash nickel still ended the week down $280 a tonne at $8,350 a tonne, although up $37.50 on the day.

A rally in the silver price on Wednesday helped gold to poke its nose over the $360 a troy ounce level on the London bullion market. Silver managed to hit a two-month high of 416 cents a troy ounce on widespread buying, some of it on Middle Eastern accounts. Chart inspired selling took the edge off the day, but nevertheless silver closed at 411.5 cents, a rise of 9.5 cents.

But on Thursday reaction set in after silver futures on New York's Comex went into retreat. And the whole episode was ruthlessly dismissed by one New York analysts, who said: "The recent action seems to be a classic case of the chartists and the technicians being fooled."

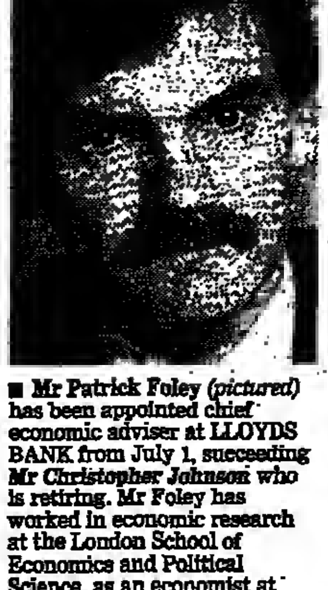
Yesterday silver closed at 405 cents an ounce, up 1 cent on the week, while gold was $355.30, down $1.70.

Cocoa prices in both London and New York have been drifting downwards. July cocoa on the London Futures and Options Exchange (Fox) has been flirting with the £600 a tonne level, touching a new 15½-year low of £595 on Thursday before recovering. Yesterday July cocoa closed at £609, a fall of £13 on the week.

David Blackwell

APPOINTMENTS

Economist at Lloyds Bank



■ Mr Patrick Foley (*pictured*) has been appointed chief economic adviser at LLOYDS BANK from July 1, succeeding Mr Christopher Johnson who is retiring. Mr Foley has worked in economic research at the London School of Economics and Political Science, as an economist at J. Henry Schroder Wagg, and as a senior economist at the Confederation of British Industry. He joined Lloyds Bank in 1984, becoming economic adviser (UK) in 1986 and deputy chief economic adviser in 1988.

■ DENTON HALL BURGIN & WARRENS has appointed Mr Tom Winsor as a partner in the energy and natural resources group. He is co-author of "Oil and Gas Law - The Joint Operating Agreement" published by Longman in 1989.

■ Mr Colin Rowley has been appointed financial director of SOUTHERN NEWSPAPERS. He was corporate finance director of Heron Homes. Mr John G. Salkeld has been appointed a non-executive director. He was deputy chief executive of Myson Group until it was taken over last year by Blue Circle Industries.

■ ZIFF-DAVIS PUBLISHING COMPANY has appointed Ms Josephine Adams as publishing director of its new UK operation. She was deputy managing director of EMAP Business and Computer Publications.

■ JAMES D. PHILBIN, Wigan, has appointed Mrs Joan E. Philbin as managing director. She was financial director. Mr James D. Philbin has been appointed chairman, and becomes chief executive of the newly-formed printing division, Philprint, and also of C.E. Roger & Co (Paper Merchants).

■ WICKES, builders' merchant, has appointed Mr Keith Stokes-Smith as group company secretary. He has been company secretary of British Home Stores, and of Queensway.

■ STANDARD LIFE ASSURANCE COMPANY has appointed Mr Simon Shearer as IS development manager. He was assistant general manager (administration).

■ TRADITION SERVICE HOLDING, money broking arm of Swiss-based Compagnie Financiere Tradition, has appointed Mr Graham D. Wandrag as executive vice president and chief operating officer, based in London and New York. He was chief executive officer of Tradition (North America) Inc. Mr John A. Rippon joins as managing director of Tradition UK. He was chairman of Mayflower Brokers. He assumes responsibility for all London money broking, and is assisted by Mr Richard L. Tonkin who has been promoted to assistant managing director. Mr Phillip Griffiths (formerly of Babcock, Fulton, Prebon), Mr Michael White (formerly of Godsell, Astley & Pearce), and Mr Michael Ginelly (formerly of Butler Harlow Ueda) have joined the company as associate directors.

■ Dr Colin Aitkenhead has been appointed director and chief executive of the FURNITURE INDUSTRY RESEARCH ASSOCIATION, Stevenage. He was group managing director of Hille Ergonom, and managing director of Hille Auditorium Seating. He succeeds Mr Donald Heughan who has retired.

■ Mr Donald Holm Murdoch has been elected president of THE INSTITUTION OF PLANT ENGINEERS for 1991-92. He recently retired as chief engineer of Gray Dunn & Co.

■ Mr Geoff Williams, of Fawcett Christie Hydraulics, and Mr David Oldham, of Norgren Martonair, have been elected president and vice president respectively of the BRITISH FLUID POWER ASSOCIATION for 1991-93.

■ Mr Malcolm Forster, an environmental lawyer, has joined FRESHFIELDS to develop its international environmental law practice. He was director of the centre for environmental law, Southampton University.

■ Mr Trevor Woods has been appointed general manager of METROCAB (UK), Tamworth, now part of Hooper & Co (Coachbuilders). He was managing director of Country Classic Cars, and succeeds Hooper Group managing director, Mr Paul Crowder, who returns to group headquarters.

■ Mr David Roberts has been elected chairman of the FEDERATION OF BAKERS. He is chairman of Frank Roberts Bakery Group.

■ NABARRO NATHANSON has admitted Mr John Belton as a partner to head its banking group. He was head of the legal department at Citicorp Investment Bank. The firm has admitted eight other new partners.

■ Mr Ernest Potter has been appointed non-executive chairman of THEMES INTERNATIONAL, Eccleston, a role relinquished by Mr John Rigby who remains chief executive.

■ PANNELL KERR FORSTER has appointed Mr Bob Ford as a partner specialising in the Lloyd's insurance market. Ms Valerie Martin becomes a tax partner in the firm's Guildford office.

■ ERNST & YOUNG has appointed Mr Rob Lees as director of management development. He was personnel and market planning director of Sear's men's and children's wear.

■ KEMPER INVESTMENT MANAGEMENT CO, London, a subsidiary of Kemper Financial Services Inc, Chicago, has appointed Mr Paul Hopkins as head of international equities management. He was head, international equities group, Bankers Trust.

■ TUSKAR RESOURCES has appointed Mr Duncan A. McGregor as a director. He was a senior executive with Hamilton Oil Corporation.

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AUTHORISED UNIT TRUSTS

Abbey Unit Tst Mngrs (1000)H
00 Holdenhurst Rd, Bournemouth 0345 717373

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income						
American Income	6	46 74	46 74xd	49 98	+0.77	6.94
Gilts & Fixed Int	6	112.3	112.3xd	119.1	..	9 00
High Inc Equity	6	134.9	138 7xd	147.5	..	5 76
Worldwide Bond	6	203 1	203.1xd	215.3	+7.6	6.97
Capital Growth						
American Growth	6	189.5	189.5	202.6	+2.4	1.29
Asian Pacific	6	128.2	130 9	139.2	+1 0	.34
Assets & Earnings	6	173 0	177.0xd	188.2	+7.1	2.94
Capital Reserve Acc	0	104.3	109.3	104 5	....	7.26
Capital Reserve Inc	0	82.51	82.51xd	82.60	+0.02	7.26
Commodity & Energy	6	75.88	75.88xd	81.15	-0 16	92
1992 Enterprise	6	64.56	64.56	68.83	+0.02	3 15
Euro Capital Acc	6	88.18	88.18	94.22	+0.10	1 44
Euro Capital Inc	6	84.17	84.17xd	90.00	+0.10	1 44
General	6	169.0	169 0xd	180 7	-0.3	2.77
Japan	6	100.2	100.2	107.1	+0.8	-
Mastertrust	6	89.00	89.00	95.18	+0.34	2 22
UK Growth Acc	6	159.9	159.9	171.0	-0.1	2.17
UK Growth Dist	6	102.8	102.8xd	109 9	..	2.18
US Emerging Cos	6	61.90	61.95	66.25	+1 00	-
Income & Growth	6	297.5	297.5xd	318.1	-0.1	4.40
Ethical	6	50.25	50.25	53.74	-0 02	9.82
International	6	61.62	62.45	65 43	+0.38	1.46
Dividend & Growth	6	49.10	50.30	53.31	+0.04	5.63

Bishopsgate Progressive Mgmt Co (1200)F
15 St James' Place, London SW1A 1BW 071-493 8111

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Progressive Inc	5	£19 09	19 09	20.15	..	1 01
Progressive Acc	5	£28 77	28.77	30.36	....	1 01
International Inc	5	£20.16	20 16	21.28	..	1 61
International Acc	5	£26.79	26 79	28 27	.....	1.61
Can & Foreign Inc	5	234.1	234 1xd	247.1		1.00
Can & Foreign Acc	5	279.0	279 0	295.3	...	1.05
Special Sits Inc	3	208.7	208 7	220.3	..	1.79
Special Sits Acc	5	226.7	226.7	239 3	..	1 79
PEP Inc	5	129.8	131.8	139.1	.....	2.19
PEP Acc	5	138 6	140.7	148.5	....	2 19
Growth Inc	5	81.64	82 64	86 16	..	0.91
Growth Acc	5	81 97	81.97	86.51	.....	0.91

Brewin Dolphin Unit Tst Mgrs Ltd (0905)F
5 Giltspur St, London EC1A 9DE 071-236 6641

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Dolphin Special Sits	5¼	131 0	131 0	140.1	+0 8	0.00
Dolphin Dividend	5¼	61.97	61 97	66.27	+0 6	6.11
Dolphin Inc Inc & Gth	5¼	157.9	157.9	168.8	+1.7	3.70
Dolphin UK & Gen	5¼	32.41	32.41	34.66	+0.22	2.36
Dolphin Fund of Funds	5¼	47.40	47.48	50.26	-0.01	2.98

Britannia Life Unit Managers Ltd (1200)F
190 West George St, Glasgow G2 2PA 041-332 3132

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Balanced Growth	6	74 12	74.12	79.27	-0 08	3.15
Do (Accum)	6	78 49	78.49	83.94	-0.08	3.15
Service Cos	6	62 12	62 12xd	66.44	-0.29	1.95
Do (Accum)	6	65.10	00 10	69.63	-0.30	1.95
Income Growth	6	46 71	46.71	49.96	-0 10	4.36
Do (Accum)	6	63 71	63.71	68.14	-0.14	4.36
Higher Yield	6	32 41	32 42	34.66	-0.11	4 49
Do (Accum)	6	40.61	40 61	43.43	-0.14	4.49
American Gth Inc	6	29 76	29.76	31.83	+0.33	1.51
Do (Accum)	6	30.32	30.32	32.43	+0.34	1.31
European Growth	6	26.21	26.21	28.03	-0.14	1 55
Do (Accum)	6	26.71	26 71	28.57	-0.14	1.39
Global Bond Inc	6	21.90	22 0xd	23.60	....	6.28

Marks & Spencer Unit Trust Ltd (1200)F
PO Box 430, Chester X, CH99 9GC 0244 680066

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
M & S Ind P'folio	5¼	110.1	110.5	118.1	-0.5	3.29
Do Accum	5¼	126.3	126.7	134.8	-0.6	3.29
UK Sel P'folio	5¼	97.70	98 65	105.5	-1.0	4.30
Do Accum	5¼	102 2	103.2	110.3	-1 1	4.30

Marlborough Fund Managers Ltd (1630)F
57 Victoria Square, Bolton, BL1 1LA 0204 364842

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Managed Tst	5	48.43	48.77	51 88	..	5.07

MarcLife Management Ltd (1200)H
St George's Way, Stevenage Dealings: 071-256 5858

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Growth Units	5¼	190.5	190.3	158 6	-1.5	4.08
Gilt & Fxd Inc	5	141.4	141.4	140.7	-0.2	8.66
Intl Growth	5¼	145.5	146.7xd	156.1	+1.1	0.41
North American	5¼	90 91	92.83	98.76	+0.9	0.32
Far East	5¼	119.2	120.1	127.8	+7.8	0.39
UK Smaller Cos	5¼	108 0	113.2	120.4	-0.3	2.94
European	5¼	52.81	52.81	56.26	-0.23	1.25
Japanese Growth	5¼	37.91	37.91xd	40.59	+0.28	0.00
Managed P'folio	5¼	48.04	48.43	51.52	+0.05	1.72
High Income	5¼	148.3	150.2xd	159.0	-1.2	6.11
High Yielding Gilt	5¼	60.76	60.76xd	64.05	-0.02	9 60
Cash		50.60	50.60	50.60	+0 01	11.32

Geoffrey Morley Unit Mgrs Ltd (1200)F
5 Bedford Park, Croydon CR0 2AQ 081-686 9818

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Exempt Unit Tst	4	116.01	116.01	123.68	-0 5	2.60
Exmpt Smllr Cos	5¼	232.22	232.22	251.64	-0.79	1.40

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The minimum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (♣) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal at the price set at the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH. Tel: 071 – 379 – 0444.

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INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

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	Bid Price	Offer Price	+ or -	Yield Gross
N & P Life Assurance Ltd				
6-7 Bedford Row, London, WC1R 4UJ 071-430 2348				
Life Managed Fd.	103.9	109.4	-0.1	-
Pension Managed Fd.	101.6	107.0	-0.4	-
Life Deposit Fd.	106.7	112.3	...	-
Pension Deposit Fd	111.7	157.5	...	-
National Financial Management Corp PLC				
72 Gatehouse Rd, Aylesbury, HP19 3XJ 0296 395539				
Life Funds				
Managed Cautionary	108.7	119.6	+0.1	-
Managed Growth	134.6	148.2	+0.1	-
Managed Opportunity	136	150	-0.2	-
NFMC Target Financial	99.8	107.4	+1.2	-
Pension Funds				
Managed Cautionary	118.8	129.9	+0.2	-
Managed Growth	142.1	156.2	-0.1	-
Managed Opportunity	136.6	150.4	-0.2	-
NFMC Target Mngd Pns	1470.8	1597.9	+1.3	-
National Mutual Life				
The Priory, Priory Pk, Kitchin, SG5 2DW 0462 422422				
Harvester Pension Funds				
Managed	159.7	168.2	...	-
UK Equity	166.6	175.4	...	-
Overseas Equity	134.5	141.6	...	-
Fixed Interest	143.0	150.6	...	-
Property	129.8	136.7	...	-
Index Linked	147.9	155.7	...	-
Deposit	155.5	163.7	...	-
With Profits (B)	127.8	134.5	...	-
National Provident Institution				
48 Gracechurch St, London EC3P 3HK 071-623 4200				
Managed	347.8	365.3	-0.7	-

	Bid Price	Offer Price	+ or -	Yield Gross
Prosperity Life Assurance Ltd				
1 Sessions Hse Sq, Maidstone ME14 1XX 0622 690555				
Initial Equity	151.5	160.0	-0.5	-
Accum Equity	216.5	228.5	-0.5	-
Accum Managed	224.0	236.5	...	-
Accum Five Star	168.0	177.5	-0.5	-
Accum World	121.0	128.0	-0.5	-
Accum Lifetime	110.0	110.0	-0.3	-
Pens Acc Equity	233.5	246.5	-0.5	-
Pens Acc Managed	279.5	294.5	-0.5	-
Pens Acc Intl	208.5	220.0	+0.5	-
Pens Acc Deposit	197.5	208.5	...	-
Pens Acc Five Star	184.8	194.0	+0.5	-
Providence Capital Life Assc. Co Ltd				
2 Bartley Way, Hook, Hants RG27 9XA 0256 768888				
UK Equity Acc.	224.2	236.5	-2.6	-
UK Fixed Int Acc.	171.3	180.7	+0.1	-
Intl Equities Acc.	177.9	187.7	+0.0	-
UK Managed Acc.	172.7	182.1	-0.8	-
Property Acc.	225.5	237.9	...	-
Money Acc.	128.4	135.5	...	-
Special Market Acc.	140.0	147.7	+1.5	-
Japan Equity Acc.	105.1	110.9	+1.2	-
North American Acc.	102.5	108.2	+1.3	-
Pacific Acc.	97.0	102.4	+1.1	-
Technology Acc.	121.7	128.4	-1.7	-
Nat Resources Acc.	55.8	58.9	-0.4	-
European Acc.	182.1	107.0	+0.3	-
Residential Prop Acc	96.3	101.6	...	-
Swiss Equities Acc.	35.5	37.5	+0.1	-
Hong Kong Acc.	65.6	69.2	+0.5	-
UK High Inc Eq Acc.	73.7	77.8	+0.7	-
Int Fixed Interest Acc.	56.1	59.2	...	-
Int Managed Acc.	56.0	59.9	+0.2	-
RIP Managed Acc.	114.5	120.7	+0.1	-
RIP Managed II Acc.	99.7	105.1	+0.2	-

OFFSHORE INSURANCES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

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	Bid Price	Offer Price	+ or -	Yield Gross
U.S. Treasury Securities Fund Ltd				
Short Term Shares	$760.84			–
Fixed Income Shares	$883.45			–
Yamaichi Capital Mangmt (Guernsey) Ltd				
Japan Mata Growth	$10.81		+0.06	–
Yamaichi ISS Fund	$8.03		+0.01	–
Yamaichi CB Plus Fund	$8.39		-0.05	–
Thai Inv Fund	$10.85			–

IRELAND (SIB RECOGNISED)

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
GAM Fund Management Ltd (a)						
29 Kildare Street, Dublin 010 353 1760 630						
GAM Universal US Dlr Acc	5–		109.74		-2.07	–
GAM Universal US Dlr Inc	5–		109.74		-2.07	–
GAM Universal DM Acc	DM–		116.67		-4.50	–
GAM Universal DM Inc	DM–		116.67		-4.50	–
MI Global Asset Mangmt Co Ltd "MI Trusts"						
MI Global Dollar	5–		0.99	1.061		–

IRELAND (REGULATED)(**)

	Bid Price	Offer Price	+ or -	Yield Gross
Bank of Ireland Unit Managers Ltd				
Global Scan	$9.84	10.14		–
European Bond	[illegible]	[illegible]		–
Quester Portfolio				
EquityAmerica	$11.18	12.18		–
EquityEurope	$9.25	9.82		–
BondAmerica	$10.37	11.01		–
BondEurope	$9.29	9.86		–
BondJapan	$9.91	10.51		–
World Inv Trust	$10.56	11.20		–
Opportunity Europe	$10.92	11.58		–
Baring International Fd Mngrs (Ireland) Ltd				
Australia	$15.77	16.56	+0.01	1.05
Japan Tech	$66.72	69.54	+1.17	–
Japan Fund	$27.84	29.24	+0.39	0.17
Japan New Gen'n Fd	$20.71	21.75	+0.29	–

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Hill Samuel Fund Mgrs—Contd.						
International Currency Fund						
Sterling Managed ‡	5½	26.11	26.11	27.63	+0.03	–
US Dollar Managed ‡	5½	29.49	29.49	31.21	-0.01	–
Sterling ✦‡	0	24.89	24.89	24.89	+0.01	11.48
US Dollar ✦‡	0	37.90	37.90	37.90	....	4.73
Deutschmark ✦‡	0	59.86	59.86	59.86	+0.01	7.67
Japanese Yen ✦‡	0	4.839	4.839	4.839	+1	5.99
Swiss Franc ✦‡	0	46.62	46.62	46.62	+0.01	6.90
Irish Punts ✦‡	0	22.12	22.15	22.12		8.46
INVESCO MIM International (Jersey) Ltd						
PO Box 271, St Helier, Jersey 0534 73114						
Jersey Gilt (2)	5¼	[illegible]	0.1679	0.1769	[illegible]	9.33
Lloyds Bank (CI) U/T Mgrs.						
PO Box 195, St Helier, Jersey 0534 27561						
Lloyds Tst. Gilt	2½	9.347	9.373	9.605	(z)	11.24
Dealing daily						
Midland Bank Fund Managers (Jersey) Ltd						
PO Box 26, St Helier, Jersey 0534 606000						
Intl Growth Portfolio	6	99.99	99.99	106.03	-0.1	1.65
Gilt	3	91.69	91.69	94.38	-0.3	10.58
For MIM see INVESCO MIM						
Royal Trust Jsy Fd Mngt Ltd (1400)F						
PO Box 428, St Helier, Jersey 0534 76077						
Govt Secs Fd	4	55.74	55.74	58.22	(z)	9.62
TSB Trust Funds (CI)						
PO Box 538, St Helier, Jersey 0534 73494						
TSB Offshore Investment Fund Ltd						
Stg Deposit Class	3	102.78	102.78	105.86	+0.04	11.75
Gilt & Fixed Interest	5	101.51	101.51	104.93	-0.06	11.65
Blue Chip & Gilt Edged	5	48.74	48.74	51.46	-0.05	5.48
International Bond	5	108.92	108.92	114.99	+0.30	7.52
UK Equity	5	110.35	110.35	120.14	-0.49	1.62
International Equity	5	108.01	108.01	115.42	+1.26	0.43
Far Eastern	5	98.44	98.44	105.95	+0.98	0.00
European	5	84.60	84.60	89.57	-0.04	0.42
Pan American	5	105.96	110.62	117.45	+4.37	0.79
TSB Gilt Fund Ltd						
Quarterly Share	3	96.38	96.38	99.42	+0.05	10.76
Monthly Share	3	95.25	95.25	98.21	+0.05	10.90

JERSEY (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

	Bid Price	Offer Price	+ or -	Yield Gross
Target International Fountain Fund				
Global Managed	SFr2.58			–
[illegible]	SFr2.46		+0.02	–
[illegible]	SFr2.32		-0.02	–
[illegible] Shares	SFr1.13		-0.02	–
North American	SFr2.72		+0.03	–
Multicurrency Bond	SFr2.38		+0.01	–
North European	DM3.14			–
[illegible]	SFr2.02		+0.02	–
Target International Ltd				
Intl Growth Fd.	$21.56	22.754	-0.031	–
GT Management Plc				
GT Applied Science	$18.40			–
GT ASEAN Fd (z)	$47.12		-0.24	0.59
GT Asia Fd (z)	$19.66		+0.06	–
GT Asia Sterling (z)	£17.11		+0.07	0.06
GT Australia Fd (z)	$26.23		+0.33	0.95
GT Aust Small Cos	$10.79			–
GT Berry Japan Fd (z)	$29.40		-0.39	0.01
GT Berry Jap Stlg (z)	£10.74		-0.27	0.96
GT Biotech Hlth Fd (z)	$16.90		...	–
GT Bond Fund (z)	$17.04		-0.03	7.04
GT Deutschland Fd (z)	$12.04		+0.01	–
NM Financial Mngt Intl Ltd				
Int Residential Prop Fd	£0.904	1.009		4.03
The New Zealand Fund				
Manager Leadenhall Offshore Ltd				
The NZ Fund	$6.23	6.671		–
Newport International Management				
Npt Intl Securities	$41.77		+0.13	–
Npt Intl. Inv Fd	$20.40		+0.20	–
Npt Pacific	$29.20		-0.52	–
Nomura Warrant Fund 1990 Ltd				
NAV	$2.95		...	–

MANAGED FUNDS NOTES

WORLD STOCK MARKETS

US MARKETS (3:00 pm)

CANADA (3:00 pm)

AUSTRIA

BELGIUM/LUXEMBOURG

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

SPAIN

SWEDEN

SWITZERLAND

SOUTH AFRICA

AUSTRALIA

HONG KONG

MALAYSIA

SINGAPORE

JAPAN

INDICES

NEW YORK

DOW JONES	May 16	May 15	May 14	May 13	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2894.01	2865.38	2886.85	2924.42	3004.46 (17/4)	2470.30 (9/1)	3004.46 (17/4/91)	41.22 (2/7/32)
Home Bonds	94.68	94.77	94.64	94.81	95.06 (9/5)	91.30 (16/1)	95.51 (9/2/87)	54.99 (1/10/81)
Transport	1149.86	1140.87	1159.73	1181.06	1202.57 (9/5)	894.30 (7/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	210.32	209.38	208.82	211.02	220.89 (16/4)	199.64 (16/1)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 2905.64 (2901.83) Low 2863.82 (2834.53)

STANDARD AND POOR'S

	May 16	May 15	May 14	May 13	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	372.19	369.32	371.62	376.76	390.45 (17/4)	311.49 (9/1)	390.45 (17/4/91)	4.40 (1/6/32)
Industrials	443.23	438.51	443.06	449.45	463.23 (18/4)	364.90 (9/1)	463.23 (18/4/91)	3.62 (21/6/32)
Financial	29.04	28.77	28.84	29.25	31.58 (18/4)	21.96 (9/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	204.04	202.10	203.67	206.28	213.21 (17/4)	170.97 (9/1)	213.21 (17/4/91)	4.46 (25/4/42)
Amex Mkt. Value	358.25	356.79	360.25	363.32	373.40 (18/4)	296.72 (14/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	481.77	478.08	488.79	493.93	511.31 (17/4)	355.75 (14/1)	511.31 (17/4/91)	54.87 (31/10/72)

	May 10	May 3	Apr.26	year ago (approx.)
Dow Industrial Div. Yield	3.14	3.44	3.47	3.93

	May 8	May 1	Apr.24	year ago (approx.)
S & P Industrial div. yield	2.78	2.78	2.74	3.07
S & P Indl. P/E ratio	18.53	18.57	18.70	15.20

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Compaq Comp	7,189,100	35½	- ½
Royl D Pet	2,839,000	82⅝	+ ¼
Philip Morris	2,302,000	65¼	+ ⅝
Jones App	2,285,900	14½	—
Pepsico	1,998,300	31¼	+ ⅞
Conner Per	1,982,800	19	- 1¼
Telefonds	1,778,600	27¼	—
Hewlt-Packard	1,603,800	48	+ 2
IBM	1,363,300	104	+ 1¼
Pet Inc	1,349,900	16¾	+ ⅞

TRADING ACTIVITY

† Volume (Millions)	May 16	May 15	May 14
New York	154,460	193,110	207,910
Amex	11,015	12,297	9,863
NASDAQ	154,268	186,739	156,036
Issues Traded	2,048	2,050	2,063
Rises	1,054	482	371
Falls	505	1,112	1,188
Unchanged	489	456	504
New Highs	40	24	32
New Lows	11	18	8

CANADA

TORONTO	May 16	May 15	May 14	May 13	1991 HIGH	1991 LOW
Metals & Minerals	3017.76	3007.73	3015.85	3059.55	3284.18 (5/3)	2632.06 (9/1)
Composite	3456.18	3444.71	3462.39	3492.70	3571.53 (6/3)	3161.95 (15/1)
MONTREAL Portfolio	1830.57	1824.76	1832.13	1850.74	1888.19 (5/3)	1686.89 (9/1)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	May 17	May 16	May 15	May 14	1991 HIGH	1991 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1531.7	1540.4	1519.2	1518.9	1558.3 (29/4)	1284.5 (16/1)
All Mining (1/1/80)	653.9	661.2	652.2	652.9	680.1 (29/4)	561.6 (16/1)
AUSTRIA						
Credit Aktien (30/12/84)	502.68	506.20	507.72	510.38	534.81 (16/4)	390.84 (15/1)
BELGIUM						
BEL20 (1/1/91)	1171.80	1175.52	1178.19	1181.76	1212.15 (17/4)	917.59 (17/1)
DENMARK						
Copenhagen SE (3/1/83)	350.78	349.44	349.36	349.96	354.26 (4/4)	302.26 (8/1)
FINLAND						
HEX General (28/12/90)	1042.9	1052.4	1063.5	1074.3	1186.9 (8/4)	890.5 (23/1)
FRANCE						
CAC General (31/12/82)	487.56	483.39	488.78	488.09	498.78 (8/4)	394.88 (15/1)
CAC 40 (31/12/87)	1826.96	1826.31	1802.63	1805.57	1851.89 (3/4)	1425.26 (15/1)
GERMANY						
FAZ Aktien (31/12/58)	677.95	674.68	673.83	677.30	691.29 (3/5)	570.48 (15/1)
Commerzbank (1/12/53)	1926.10	1916.90	1912.78	1926.30	1963.3 (3/5)	1612.5 (15/1)
DAX (30/12/87)	1598.87	1598.08	1590.35	1598.58	1630.84 (3/5)	1311.82 (16/1)
HONG KONG						
Hang Seng Bank (31/7/64)	3882.84	3859.66	3789.69	3785.14	3882.84 (17/5)	2984.01 (16/1)
IRELAND						
ISEQ Overall (4/1/88)	1411.97	1416.75	1412.75	1427.39	1520.66 (15/3)	1114.86 (25/1)
ITALY						
Banca Com. Ital. (1972)	574.92	572.93	577.66	584.42	682.64 (19/4)	486.26 (29/1)
JAPAN						
Nikkei (16/5/49)	25701.94	25520.27	25882.47	26030.08	27146.91 (18/3)	22442.78 (16/1)
Tokyo SE (Topix) (4/1/68)	1953.44	1947.48	1965.60	1973.06	2028.85 (18/3)	1625.08 (17/1)
2nd Section (4/1/68)	3291.43	3280.83	3326.62	3367.55	3423.45 (10/5)	2473.52 (24/1)
MALAYSIA						
KLSE Composite (4/4/86)	583.36	578.87	580.69	587.12	605.85 (11/3)	478.41 (16/1)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	272.6	272.9	272.5	274.8	280.1 (10/5)	221.4 (16/1)
CBS All Shr (End 1983)	195.0	197.5	197.3	199.0	202.8 (10/5)	162.3 (16/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	(c)	771.37	777.57	776.60	790.41 (13/5)	618.45 (21/1)
PHILIPPINES						
Manila Comp (2/1/85)	1116.55	1109.49	1124.46	1125.86	1154.73 (8/4)	582.64 (18/1)
SINGAPORE						
SES All-Singapore (2/4/75)	410.82	407.40	409.40	411.56	421.43 (26/4)	315.87 (16/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1134.04	1151.0	1161.0	1094.0	1367.0 (14/1)	971.0 (25/2)
JSE Industrial (28/9/78)	3586.6a	3493.0	3491.0	3470.0	3559.0 (26/4)	2829.0 (16/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	636.95	605.46	632.17	638.61	697.62 (4/1)	614.60 (16/1)
SPAIN						
Madrid SE (30/12/85)	283.68	287.43	(c)	286.85	289.22 (18/3)	213.70 (14/1)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	1038.3	1027.30	1031.5	1035.3	1119.0 (18/3)	808.4 (8/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	734.4	732.9	730.5	734.0	743.0 (3/4)	598.4 (14/1)
SBC General (1/4/87)	615.0	614.3	612.5	615.3	625.1 (9/4)	487.1 (14/1)
TAIWAN**						
Weighted Price (30/6/66)	6018.04	5789.06	5728.72	6125.79	6305.22 (8/5)	3316.26 (16/1)
THAILAND						
Bangkok SET (30/4/75)	820.93	816.36	824.49	833.79	908.13 (19/4)	582.48 (16/1)
WORLD						
M.S. Capital Intl.(1/1/70) (§)	504.8*	507.6	505.5	505.2	529.2 (17/4)	439.1 (16/1)

**Saturday May 11: Taiwan Weighted Price 6208.48. Korea Comp Ex. 629.17.
‡ Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: BEL20, HEX General, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 25 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

WORLD STOCK MARKETS

AMERICA

Equities recover as bond market recoups losses

Wall Street

US EQUITIES tracked the movement of the bond market yesterday morning, moving sharply lower before recovering by midday, *writes Karen Zagor in New York.*

At 1.30 pm, the Dow Jones Industrial Average, which dropped more than 22 points in the morning, was down 8.05 at 2,885.96. On the big board, declining issues led those advancing by a ratio of eight to five. On Thursday, a strong performance by technology issues helped the Dow close up 28.63 at 2,894.01.

The World Index Panel has completed a full constituent review of the FT-Actuaries World Indices and revision of the rulebook. Monday's paper will contain details of the constituent changes, and Tuesday's paper will carry an article on the consequences for the World Index.

The stock market mirrored the bond market yesterday. Concern about excess supply depressed bond prices in the morning, and the Treasury's bellwether 30-year bond lost ½ point. At midsession, however, short-covering in the bond futures market helped the long bond add ⅛ to 97⅞, to yield 8.32 per cent.

Shares in Ann Taylor, an up-market women's clothing chain which began trading yesterday, was quoted at $26¼ on heavy volume. The proposed price range for the initial offering was recently increased to $25 from $22.

In the secondary market, Isis Pharmaceuticals, which also made its debut, was quoted at $10 at midsession. An initial public offering was priced at $10 a share on Thursday.

Another recent issue, Autozone, dropped $1⅜ to $29⅝ amid concern about the company's earnings potential.

Compaq Computer, one of the most active issues of the week, added $¾ to $36⅞ in heavy trading. On Wednesday, the stock plunged almost 27 per cent on the back of a profits warning. Among other technology issues, IBM edged $1⅛ higher to $104⅞ and Hewlett-Packard rose $⅝ to $48¼.

Liz Claiborne slid $1⅝ to $43½. Late on Thursday the retailer said that it would no longer sell its clothes through JC Penney stores. Shares in JC Penney added $1 to $54⅞.

Clorox gained $1¼ to $39⅝ after the company said it would take a fourth-quarter, pre-tax charge of $125m to restructure some operations and to leave the detergent business.

In the secondary market, shares in Mail Boxes, which operates postal and business service centres, plunged $4 to $20. The company is expected to have fourth quarter net income of between $800,000 and $900,000, down from $935,000 a year earlier.

Apple Computer dropped $1 to $48 on unconfirmed reports that the company plans to cut as many as 2,000 jobs.

Midlantic, the New Jersey commercial bank, fell $⅝ to $7⅝. Midlantic has entered into an agreement with the Federal Reserve Bank of New York to try to strengthen some operations.

Canada

A STRONG recovery in US Treasuries helped Toronto stocks bounce back from morning lows. The composite index eased 3.3 to 3,452.8 at midday, rallying from a low of 3,445.89. Declines led advances by 206 to 156 with only 8m shares traded.

Spar Aerospace rose C$⅝ to C$13½ in slow volume of 2,160 shares. The company reported a rise in first-quarter net earnings to 17 cents from 6 cents a share.

SOUTH AFRICA

GOLD SHARES fell from mid-week highs on weaker bullion prices. Mining shares eased in sympathy, but industrials held firm. The Johannesburg all-gold index fell 17 to 1,134 while the industrial index rose 13 to 3,506.

Change of prime minister releases Parisian tension

It is hazardous, as yet, to deduce much about the French market's enthusiasm, warns George Graham

IN THE end, there was no mourning at the bar of the Gallopin or the Vaudeville when Mr Michel Rocard passed out to sea.

The watering holes of the Paris bourse had shown some anxiety earlier in the week as rumours flew around of Mr Rocard's departure from the prime minister's office, but when he was replaced on Wednesday by Mrs Edith Cresson, the market shed few tears.

It has been an agitated week, with the CAC 40 index showing moves of up to 1.6 per cent a day but, on Wednesday, the announcement of Mrs Cresson's appointment halted a slide and brought the index back to end the day nearly flat at 1,802.68.

"The market was drifting down steadily, but the removal of the uncertainty over Rocard stopped the rot, at least temporarily," comments Mr Rupert Baker of Oddo, the Paris stockbrokers.

Even though the CAC 40 followed this with a 1.3 per cent advance to 1,826.31 on Thursday, the persistence of modest volumes makes it hazardous to deduce much about the enthusiasm of the market for the new French prime minister. The index closed just 0.65 up at 1,826.96 on Friday, a loss of 1.3 per cent on the week.

Racking their brains for some recollection of what Mrs Cresson stood for, brokers principally remembered her hostility to Japanese car imports.

This did a good turn to Peugeot, whose chairman, Mr Jacques Calvet, has long been an admirer of Mrs Cresson's outspoken manner, and where her husband is an executive. The carmaker's shares rose by 1.3 per cent to FFr561 on the day of her appointment. They closed at FFr577 yesterday.

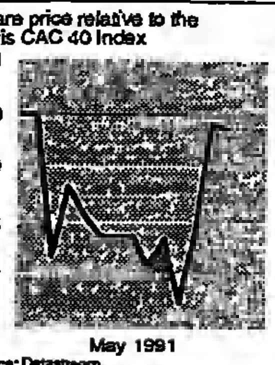
Peugeot, languishing at around 3.1 times historic earnings, has suffered from the perception that, after Fiat, it is the carmaker most likely to suffer from an increase in imports of Japanese cars into Europe.

Brokers such as DLP James Capel, however, have recently rated the stock a buy on the grounds that restrictions on Japanese imports are likely to remain tougher than previously thought, and that, while these restrictions last, car prices will probably stay high in Peugeot's main markets.

Mrs Cresson's first outline of her government's programme, in a television interview on Thursday, revealed that, whatever the change in style and rhetoric, considerable continuity in policy can be expected.

Peugeot

Share price relative to the Paris CAC 40 Index



Source: Datastream

Essentially a pragmatist who decides on intuition and who often uses a violent tirade to disguise a tactical retreat in negotiations, she went to great pains to stress that there was no question of abandoning the "excellent economic policy" of fiscal and financial discipline adopted by Mr Pierre Bérégovoy, the finance minister.

She succeeded, at least, in convincing the financial markets that Mr Bérégovoy would not be removed from his post. Indeed, she decided to broaden his portfolio, giving him suzerainty over industry and foreign trade as well as finance, the economy, the budget and consumer affairs.

Although Mrs Cresson declared that the budget was the first economic problem she had to tackle, it became clear that her room to manoeuvre within the constraints of Mr Bérégovoy's budgetary and monetary discipline would be limited.

It was on industrial policy that the difference between Mr Rocard and Mrs Cresson had appeared widest. Indeed, she has often in the past criticised him with some verve for his weak-kneed approach to economic warfare.

While her task, as spelt out by President François Mitterrand, is to toughen up the French economy in preparation for the single European market of 1993, her recipes, on the evidence of this first interview, are the sort of micro-economic measures that can be heard on the lips of any self-respecting OECD economist: training and labour market structures, to name a couple.

The political upheaval provoked by the change in government overshadowed a piece of good news for the market: the cut in Spanish interest rates. This will relieve pressure on the French franc, which has been at the bottom of its trading range against the peseta in the exchange rate mechanism, and could open the way for a fall in French rates, D-Mark permitting.

Mr Bérégovoy, preoccupied by the wrangling over the formation of the new government, was not able to take immediate advantage of this opportunity to cut rates. He may, in any case, have hesitated to do so. An interest rate cut so soon into Mrs Cresson's reign could have reawakened doubts about France's commitment to a tight monetary policy, and forced Mr Bérégovoy to prove himself, once again, the guardian of the strong franc.

Lower interest rates, however, would cheer the market, which has become accustomed to the flow of gloomy results from a series of heavily indebted companies.

Latest to ram home the message was Rhône-Poulenc, the state-controlled chemicals group, which on Thursday reported a 69 per cent drop in first-quarter earnings to FFr430m, even before the remuneration of its preferred stock, which are viewed by many analysts as closer to debt than equity.

Rhône-Poulenc said its net interest expenses rose 46 per cent from the same quarter of 1990 to FFr1.24bn, while operating margin fell 16 per cent to FFr1.83bn. Its investment certificates fell FFr4.50 to FFr354.50 on Thursday and lost another FFr2.50 yesterday.

Générale des Eaux, however, confirmed a 21 per cent advance in its 1990 net earnings to FFr2.2bn; since the announcement, its shares have risen FFr39 to close at FFr2,661 yesterday. The market's favourable rating for its shares reflects not only the progression of its earnings, but also their visibility.

Visibility acquired a new premium this week with the confirmation of the collapse of VEV, the textiles group. Last July, VEV raised FFr360m ($62.5m) through a rights and convertibles issue, stating confidently that it would be back in profit in 1990. In the event, it has still not published its results for 1990, which are expected to show a loss of at least FFr500m.

The VEV experience may deter some investors, with companies queuing up to make cash calls on the market.

EUROPE

Bourses stay surprisingly active before long weekend

BOURSES were surprisingly active yesterday before the Whit holiday. Oslo was closed, *writes Our Markets Staff.*

MADRID enjoyed high volume again, although it fell from Pta34.9bn to Pta26bn, as companies adjusted their utility holdings. Profit-taking after Thursday's rate cut left the general index 2.75 or 1 per cent lower at 283.68, but fairly steady on the week.

Iberduero lost Pta5 to Pta725 on 2m shares, with BBV said to be the buyer of a large block. Union Fenosa rose Pta5 to Pta596 on 4.9m shares, including 4.4m or 1.6 per cent of the company at Pta598 each, and Sevillana added Pta5 to Pta635 on 840,235 shares, including 407,900 at Pta633 a share.

Aragonesas, the bulk chemicals company, dropped Pta120 or 7.2 per cent to Pta1,550 and its parent, Uralita, lost Pta90 or 4.1 per cent to Pta2,120 on news of disappointing results for the first quarter.

FRANKFURT's turnover rose to DM6.1bn from DM4.3bn in spite of the long weekend. The FAZ index gained 3.27 to 677.95, down 1.2 per cent on the week, while the real-time DAX index closed 0.79 better at 1,598.87, down 1.4 per cent on the week.

Karstadt jumped DM23 to DM652; just before the close, the retailer announced a rise in the 1990 dividend and a 149 per cent increase in group net profit. It also declared a one-for-six rights issue. Analysts said that, while the dividend increase had been predicted, earnings were ahead of expectations. Construction shares outperformed, with Holzmann rising DM24 to DM1,475 and Hochtief up DM20 at DM1,403.

Linotype, the print supplier, fell DM11.50 to DM505.50 after Thursday's news that first-half earnings were likely to fall.

MILAN was lifted by Fiat, which rose on hopes that it would maintain its dividend on 1990 results, and on a growing belief that its earnings were bottoming out. Some analysts, however, believed that the dividend on the ordinary and preference shares would be cut while the dividend on the savings share would be maintained. Fiat put on L105 or 1.9 per cent to an official close of L5,560, and later reached L5,615.

The Comit index rose 1.99 to 574.92, little changed on the week, in volume estimated at less than Thursday's L130bn because of the suspension of Generali. The stock was suspended from late Thursday to midday yesterday, while the insurer reportedly gave the Consob more details of its planned capital increase. The shares were officially fixed at L34,900, up L170, and advanced to L35,100 after hours.

FT-SE Eurotrack 100 - May 17

Hourly changes							
Open	10 am	11 am	Noon	1 pm	2 pm	3 pm	Close
1114.73	1114.76	1115.11	1114.54	1114.33	1115.33	1112.98	1116.61
Day's High 1118.61				Day's Low 1110.77			

May 16	May 15	May 14	May 13	May 10
1112.66	1109.43	1116.47	1125.32	1130.52

Base value 1000 (26/10/90)

PARIS saw Elf Aquitaine rise FFr11.20 or 3.1 per cent to FFr368.30 after an analysts' meeting. Its shares looked cheap using US valuation methods, said one dealer.

Cap Gemini Sogeti dropped FFr31.30 or 7.7 per cent to FFr374.70 after the computer services company revised downwards its 1991 profits forecast. Turnover was about FFr2.1bn, down from FFr2.4bn.

AMSTERDAM fell as the easier tone on Wall Street and in London combined with options-related selling. The CBS tendency index lost 0.6 to 92.7, down 2.3 per cent on the week. Unilever was steady at Fl 156 in spite of reporting pre-tax profits above expectations.

STOCKHOLM recovered from recent weakness on optimism about corporate results and a fall in domestic money market rates. The Affärsvärlden General index gained 11.00 or 1.1 per cent to 1,038.30, down 0.5 per cent on the week. *Turnover slipped to SKr356m* from SKr368m.

Gambro's B shares, ex dividend of SKr3, hit a year's high of SKr197, up SKr14 or 7.8 per cent. On Thursday the medical equipment group reported an 85 per cent rise in its first-quarter profits.

ZURICH's Crédit Suisse index slipped 1.3 at 537.3, for a 1.5 per cent fall on the week. In chemicals, Roche gained SFr50 to SFr4,650 after saying on Thursday that it expected a rise in 1991 profits.

BRUSSELS focused again on Petrofina on hopes of higher 1991 profits and before the expiry of its warrants on Tuesday. The oil group gained BFr150 to BFr12,200 on volume of 16,960 shares.

ASIA PACIFIC

Wall Street and rate cut hopes lift Nikkei

Tokyo

AN OVERNIGHT recovery on Wall Street, lower bond yields and renewed hopes of a discount rate cut helped the Nikkei average to rise yesterday for the first time in six days, *writes Emiko Terazono in Tokyo.*

The index closed 181.67 higher at 25,701.94, down 2.2 per cent on the week. It opened at the day's low of 25,582.90 and hit a high of 25,789.13 soon after.

Thursday's April wholesale prices, which dipped month-on-month for the first time in 17 months, rekindled hopes of an imminent rate cut, but volume remained low at 260m shares, unchanged from Thursday.

Gains led losses by 631 to 317, with 161 issues unchanged. The Topix index turned up 5.96 to 1,953.44 and, in London trading, the ISE/Nikkei 50 index rose 0.75 to 1,453.52.

Traders said that buying by investment trusts and pension funds had supported the index. Mr Masami Okuma at UBS Phillips & Drew said that some investors would be pressed for additional collateral on their margin positions if the Nikkei fell any further.

Construction issues were in demand from investment trusts. Toda Construction added Y50 to Y1,700 and Okumura rose Y40 to Y1,420. Japan Steel Works, the most active issue of the day, rose Y20 to a year's high of Y780 on sales prospects for its oil refining reactors.

Large-capital stocks saw some bargain-hunting. Mitsubishi Heavy Industries added Y5 to Y753 and Nippon Steel climbed Y4 to Y474.

Tokai Kanko, a medium-sized hotel chain, ended Y18 up at 698 after hitting a year's high of Y715. Traders said that speculators had been pushing the stock.

Mitsubishi Motors fell Y7 to Y770 on reports that Chrysler, the US motor company, would unload its stake in Mitsubishi Motors. Bridgestone, the tyre company, lost Y30 to Y1,070 on reports that it would inject $1.4bn into Firestone, its US tyre operation.

In Osaka, the OSE average fell 56.11 to 28,325.95 in subdued activity, with only 14.9m shares changing hands, compared with 20.6m on Thursday.

Shinko Kogyo, the office air conditioner maker, gained Y70 to Y2,160 on strong sales and a higher dividend for the year to March 1991.

Roundup

THE PACIFIC Rim was mostly firmer yesterday, with Hong Kong's index now only about 70 points below a record high.

HONG KONG rose to another post-1987 crash high on optimism about the renewal of China's favoured trade status with the US and about the Sino-British airport talks. The Hang Seng index climbed 23.18 to 3,882.84, up 3.5 per cent on the week. Turnover grew to HK$1.83bn, the best in six weeks, from HK$1.77bn.

AUSTRALIA paused after Thursday's rally. The All Ordinaries index slipped 8.6 to 1,531.7, down 1.1 per cent on the week, in active turnover of A$719m, down from A$763m.

Poor interim results pulled Westpac 8 cents lower to A$4.65 and Challenge Bank down 13 cents to A$2.15. National Australia Bank rose 16 cents to A$6.74; after the close, ANZ said it had sold its 34m NAB shares. TNT, the transport group, lost 7 cents to A$1.42 on news of a nine-month loss and a dividend cut.

MANILA fell initially on fears that the Ayala Land offer might be delayed. But it was later pulled higher by Philippine Long Distance Telephone, which added 7.50 to 545 pesos. The composite index rose 7.06 to 1,116.55 in turnover of 189m pesos, up from 98m.

TAIWAN was lifted by the release of a student after a one-week detention. Share prices had fallen sharply after the arrest. The weighted index climbed 228.99 or 4 per cent to 6,018.04, down 4.5 per cent on the week. Turnover rose to T$53.3bn from T$40.1bn.

SINGAPORE saw Singapore Airlines rise on expectations that its earnings would exceed forecasts and on rumours of a share split. Its domestic-registry and foreign-registry shares both rose 30 cents, to S$13.10 and S$18.90 respectively.

The Straits Times Industrial index gained 10.69 to 1,513.75 but was down 1.2 per cent on the week. Turnover rose to S$115m from S$87m.

NEW ZEALAND's Barclays index gained 12.81 to 1,527.12, but lost 3 per cent on the week.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY MAY 16 1991								WEDNESDAY MAY 15 1991					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991 High	1991 Low	Year ago (approx)
Australia (72)	146.46	+1.6	124.44	127.35	129.22	124.25	+1.5	5.35	144.18	122.28	125.72	126.68	122.46	147.30	112.74	132.74
Austria (19)	203.76	−0.2	173.12	177.17	179.78	178.98	−0.3	1.47	204.08	173.09	177.96	179.31	179.51	222.37	167.00	252.68
Belgium (60)	139.23	−0.4	118.29	121.05	122.84	119.66	−0.3	4.95	139.83	118.60	121.92	122.86	120.00	151.20	121.73	153.61
Canada (117)	137.11	+0.5	116.49	119.21	120.96	114.08	+0.4	3.51	136.43	115.71	118.96	119.86	113.61	141.10	126.49	136.15
Denmark (31)	241.84	−0.1	205.47	210.28	213.37	212.98	+0.1	1.57	242.01	205.27	211.04	212.64	212.72	270.56	217.74	251.82
Finland (21)	114.47	−1.6	97.26	99.54	101.00	96.07	−1.5	2.63	118.36	98.68	101.46	102.23	97.49	126.15	90.61	141.91
France (112)	138.71	+0.3	117.85	120.60	122.37	125.28	+0.6	3.39	138.36	117.35	120.64	121.56	124.52	152.28	121.85	167.14
Germany (88)	110.63	−0.1	93.99	96.20	97.60	97.60	+0.4	2.28	110.69	93.88	96.53	97.25	97.25	125.35	102.43	131.84
Hong Kong (47)	159.15	+2.0	135.22	138.38	140.42	159.12	+1.9	4.30	156.08	132.38	136.10	137.14	156.12	159.15	119.62	121.07
Ireland (17)	156.20	+0.1	132.71	135.82	137.81	139.39	+0.3	4.09	156.03	132.34	136.06	137.09	138.93	182.48	132.68	182.94
Italy (91)	77.26	−1.3	65.64	67.17	68.16	72.79	−1.0	3.33	78.31	66.42	68.28	68.80	73.52	88.23	72.05	105.77
Japan (452)	137.91	−0.8	117.17	119.91	121.69	119.91	−0.9	0.72	138.69	117.63	120.94	121.87	120.94	146.97	118.35	152.41
Malaysia (33)	227.82	+0.1	193.56	198.07	200.99	241.37	+0.0	3.14	227.53	192.98	198.40	199.91	241.29	247.78	192.83	222.61
Mexico (12)	976.88	−1.9	829.82	849.21	861.70	3195.04	−1.9	0.39	995.27	844.15	867.88	874.47	3255.82	995.27	534.45	488.66
Netherland (40)	139.92	−0.5	118.88	121.66	123.45	122.20	+0.1	4.28	140.56	119.22	122.57	123.50	122.12	145.73	125.70	143.84
New Zealand (14)	52.14	+0.5	44.30	45.34	46.00	46.78	+0.1	7.51	51.88	44.00	45.24	45.58	46.72	54.64	41.16	63.06
Norway (30)	205.53	−1.0	174.63	178.71	181.34	183.96	−0.8	1.64	207.68	176.14	181.10	182.47	185.41	223.24	182.24	241.20
Singapore (25)	200.15	−1.1	170.05	174.03	176.59	162.71	−1.1	2.06	202.29	171.58	176.40	177.74	164.44	208.25	151.69	199.12
South Africa (60)	212.78	+1.0	180.78	185.00	187.72	151.25	+0.1	3.72	210.73	178.74	183.76	185.15	151.03	212.78	173.00	193.80
Spain (41)	164.26	+0.1	139.55	142.82	144.92	130.78	+0.3	4.33	164.11	139.19	143.11	144.19	130.42	171.12	131.51	163.32
Sweden (27)	178.45	−0.1	151.62	155.16	157.45	160.75	+0.0	2.72	178.59	151.48	155.74	156.92	160.75	204.12	146.80	202.62
Switzerland (65)	93.62	−0.3	79.54	81.40	82.60	83.60	+0.4	2.42	93.89	79.63	81.88	82.50	83.27	100.67	82.17	100.94
United Kingdom (294)	173.16	+0.3	147.12	150.54	152.76	147.12	+0.5	4.88	172.64	146.43	150.53	151.67	146.43	167.44	156.27	155.79
USA (523)	150.68	+1.0	128.02	131.02	132.95	150.68	+1.0	3.26	149.19	126.54	130.10	131.09	149.19	158.24	125.95	143.18
Europe (936)	139.90	+0.0	118.86	121.64	123.43	121.32	+0.3	3.90	139.88	118.64	121.97	122.90	120.96	151.52	125.50	146.15
Nordic (109)	179.33	−0.3	152.37	155.93	158.22	153.66	−0.1	2.10	179.81	152.51	156.80	157.99	153.83	200.81	155.55	199.31
Pacific Basin (643)	138.58	−0.4	117.74	120.50	122.27	120.95	−0.7	1.05	139.14	118.02	121.34	122.26	121.77	145.92	117.86	150.33
Euro – Pacific (1579)	139.47	−0.2	118.49	121.25	123.04	121.97	−0.3	2.23	139.79	118.56	121.89	122.81	122.31	147.66	121.29	148.15
North America (640)	149.76	+1.0	127.24	130.23	132.15	148.22	+1.0	3.27	148.32	125.80	129.35	130.34	146.80	157.04	125.91	142.65
Europe Ex. UK (642)	119.67	−0.2	101.68	104.07	105.61	106.22	+0.2	3.15	119.92	101.71	104.59	105.38	106.04	129.80	106.85	138.49
Pacific Ex. Japan (191)	145.39	+1.4	123.53	126.43	128.29	129.13	+1.3	4.71	143.40	121.63	125.06	126.01	127.46	145.39	111.40	127.43
World Ex. US (1768)	140.60	−0.2	119.46	122.26	124.05	122.70	−0.3	2.28	140.88	119.49	122.86	123.79	123.01	148.18	122.32	149.34
World Ex. UK (1997)	139.99	+0.2	118.94	121.73	123.53	129.80	+0.2	2.36	139.69	118.48	121.82	122.75	129.59	145.77	120.06	145.10
World Ex. So. Af. (2231)	142.51	+0.2	121.08	123.92	125.74	131.36	+0.2	2.62	142.19	120.60	124.01	124.95	131.11	148.66	122.92	145.74
World Ex. Japan (1839)	146.98	+0.5	124.86	127.79	129.68	137.64	+0.7	3.58	146.05	123.88	127.37	128.35	136.67	152.83	126.69	144.19
The World Index (2291)	142.93	+0.2	121.44	124.28	126.12	131.51	+0.2	2.63	142.61	120.96	124.36	125.31	131.25	149.01	123.28	146.03

Constituent change: Name change: Greyhound Dial Corp. to Dial Corp. Ariz. (U.S.). Latest prices were unavailable for this edition.

LONDON SHARE SERVICE

BRITISH FUNDS

1991 High	1991 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)						
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Five to Fifteen Years						
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BRITISH FUNDS—Contd

1991 High	1991 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
[illegible]	[illegible]	Treas 9½pc 2002	[illegible]	[illegible]	10.21	10.43
[illegible]	[illegible]	Treas 10pc 2003	[illegible]	[illegible]	10.32	10.42
[illegible]	102	Treas. 11½pc 2001-04	[illegible]	[illegible]	10.93	10.61
[illegible]	[illegible]	Funding 3½pc '99-04	[illegible]	[illegible]	6.15	9.21
[illegible]	[illegible]	Conversion 9½pc 2004	[illegible]	[illegible]	10.14	10.36
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Over Fifteen Years						
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Undated						
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Index-Linked						
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	(1)	(2)
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for September 1990: 129.3 and for April 1991: [illegible]

INT. BANK AND O'SEAS

1991 High	1991 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
102	95⅞	African Dv Bk 11¼ Ln 2010	98¼	−½	11.26	11.27
97⅝	91⅞	Asian Dev Bk 10¼pc Ln 2009	94¾	−⅝	10.83	10.93
112⅞	105⅜	Int-Am Dev Bk 12½pc 2003	108⅞	−⅞	11.50	11.14
92⅝	86⅞	Do. 9¼pc Ln 2015	89⅞	−⅛	10.90	11.00
120	101	Utd. Mexican States 16½pc 2008	120	.....	13.75	13.46

CORPORATION LOANS

1991 High	1991 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
103½	100½	Birmingham 11½pc 2012	100½	.....	11.44	11.44
96½	93½	GLC 6¾pc 1990-92	96½	.....	6.99	11.20
115½	110½	Leeds 13½pc 2006	113½	.....	11.89	11.62
30	28	Liverpool 3½pc Irred	30	.....	11.67	–
27	26	LCC 3pc '20 Aft	26	.....	11.54	–
103½	97½	Manchester 11½pc 2007	99½	.....	11.56	11.58

COMMONWEALTH & AFRICAN LOANS

1991 High	1991 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
90	84½	Sth Rhod. 87-92 Asstd.	90	.....	–	–

LOANS

Building Societies

1991 High	1991 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
104½	102½	Woolw Anglia 3⅝pc Ln 2021	103¾	.....	–	5.37
107	104¼	Do. 4.25pcIL '24	106	.....	–	4.98

Public Board and Ind.

1991 High	1991 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
53	52	Met. Wtr. 3pc 'B'	52	.....	5.77	9.70

FOREIGN BONDS & RAILS

1991 High	1991 Low	Stock	Price £	+ or −	Div % Gross	Red. Yield
50	50	Greek 7pc Ass.	50	.....	3.50	7.00
50	50	Do. 6pc 28 Stb. Ass.	50	.....	3	6.00
50	50	Do 4pc Mixed Ass.	50	.....	2	4.00
55	55	Hung. '24 Ass.	55	.....	2.75	[illegible]
128	120⅞	Hydro Quebec 15pc 2011	123⅞	−⅞	12.89	11.90

Continued on next page

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AMERICANS

1991 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
30¼	20⅞	Abbott Laboratories1	28⅜	+⅜	$1.00	–	2.1
363p	257p	♦Allegheny & W 1c	381p	.....	30c	–	5.9
980p	667p	Amdahl 5c	949p	+33	10c	–	0.6
36⅞	25¾	Amer. Cyanamid $5	34⅞	+¼	$1.50	–	2.5
17⅞	9⅜	Amer. Express 60c	13½	–¼	92c	–	4.0
22⅜	15¼	American T & T. $1	20¾	+⅛	$1.32	–	3.8
38⅞	32½	Ameritech $1	36⅞	+¼	$3.16	–	5.1
23¼	12⅛	BankAmerica $1⅞	21½	–⅛	$1.20	–	3.3
29⅛	20⅛	Bankers N Y $1	27⅛	+⅛	$1.52	–	10.3
29⅝	24¼	Bell Atlantic $1	27⅛	+⅛	$2.36	–	3.1
31¼	25	BellSouth Corp.	28	+¼	$2.68	–	5.7
8⅜	6⅛	♦Bethlehem Steel $8	8⅞	+⅛	40c	–	2.8
1536p	1046p	Bowater Inc	1424p	–1	$1.20	–	5.0
8⅝	4½	Brunswick 75c	7⅜	.....	44c	–	5.3
51¼	37⅜	CPC Intnl 25c	49⅜	+1⅜	$2.00	–	2.4
852p	420p	California Engy	719p	...	–	–	–
50	28¼	Campbell Soup 15c	45⅜	+2⅜	$1.16	–	1.3
11½	5⅛	Chase Manhattan $12½	10⅛	+⅛	$1.20	–	7.0
8⅜	5½	Chrysler $6¼	7	+⅛	60c	–	5.1
9¼	5⅞	Citicorp $1	8¼	.....	$1.00	–	6.8
24¾	21⅜	Colgate-Palmolive $1	21⅜	.....	$1.06	–	2.9
830p	438p	Cont'l Bank Corp $4	777p	+25	$1.00	–	7.6
85p	45p	♦Corporate Data Scce	85p	.....	–	–	–
19¼	13⅜	Dana Corp. $1	17⅝	.....	$1.60	–	3.4
1056p	203p	Data General	877p	+4	–	–	–
29	20⅝	Dun & Bradstreet $1	26⅜	.....	$2.16	–	4.8
35¼	24¼	Eaton Corpn. 50c	31⅝	+⅛	$2.20	–	–
7½	5½	Echlin Inc.	6⅜	+⅛	70c	–	6.0
17⅜	14⅞	FPL Group 1c	17⅜	+⅛	$2.36	–	7.8
28⅜	17⅛	Fluor Corp 62½pc	26⅛	.....	32c	–	0.7
19¼	13⅛	Ford Motor $1	18⅞	+⅛	$1.60	–	3.2
43⅞	28⅞	Gen. Elect. 63c	40⅞	+⅜	$2.04	–	2.9
457p	270p	♦General Host Corp $1	451p	.....	34c	–	4.5
45¼	29⅞	Gillette $1	40¼	+1¼	$1.24	–	1.8
91p	35p	Gt American Bank $1	34p	.....	–	–	–
20¼	12⅞	Greyhound Dial $1½	28½	.....	$1.32	–	4.0
17	794p	Hasbro Inc 50c	15¼	.....	20c	–	0.8
36½	21⅜	Honeywell $1½	33¼	+¼	$1.50	–	2.7
22⅞	17⅞	Houston Inds.	21¼	.....	$2.96	–	8.2
72⅜	55⅜	IBM Corpn $1¼	59⅜	+1	$4.84	–	4.8
28⅞	18⅞	Ingersoll-Rand $2	26½	+⅛	$1.32	–	2.9
26¼	16¼	Lockheed Crpn. $1	24¼	+⅝	$1.80	–	4.4

BUILDING, TIMBER, ROADS – Contd

DRAPERY AND STORES – Contd

ENGINEERING

INDUSTRIALS (Miscel.) – Contd

INDUSTRIALS (Miscel.) – Contd.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICITY

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INSURANCES

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LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

TRANSPORT—Contd

[illegible]

INVESTMENT TRUST

[illegible]

INVESTMENT TRUST—Contd

[illegible]

Net asset values supplied by County NatWest Wood Mackenzie

FINANCE, LAND, ETC

[illegible]

WATER

[illegible]

OIL AND GAS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Contd

[illegible]

Tins

[illegible]

Miscellaneous

Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
Hiverala West....γ	54	......	–	–	–
Kells Mlns. Ir5p...γ	37	......	–	–	–
Kenmare ....γ	16½	......	–	–	–
Navan Resources...γ	16	......	–	–	–
New Sabina Res C$1...	10	......	–	–	–
Northgate Expl. C$1..	77	......	–	–	–
North West Exip.......	12	......	–	–	–
Nor-Quest Res........	[illegible]	......	–	–	–
Oryx Gold Hldgs.......	[illegible]	......	–	–	–
Ovoca Gold IR 2p...γ	[illegible]	......	–	–	–
Plateau Mining 20p...β	[illegible]	......	–	–	–
RTZ 10p..............α	[illegible]	–2	19.5	2.2	5.0
Thorco Res. Inc....	[illegible]	......	–	–	–
Vizcaya Hldgs 5p...β	[illegible]	......	–	–	–
Young Group 10p...β	[illegible]	......	5.2	♦	5.3

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha refers to shares traded through SEAQ by at least two marketmakers and with a normal market size of 2,000 or more, based on experience of how many of its shares are traded in the typical deal. β Beta refers to all other shares. γ Gamma refers to other traded instruments.

Highs and lows are based on intra-day mid prices. Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ✦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- ∮ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; *cover relates to previous dividend or forecast.*
- ♦ Merger bid or reorganisation in progress
- ♣ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover based on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ¶ No par value

B.Fr. Belgian Francs. Fr. French Francs ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other official estimates. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1990-91. G Assumed dividend and yield after pending scrip and/or rights issue. H *Dividend and yield based on prospectus or other official estimates* for 1991. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1991. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xl ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or –
Craig & Rose £1...β	650	......
Finlay Pkg. 5p....β	29	......
Holt (Jos) 25p....β	1825	......

IRISH

Stock	Price	+ or –
Cap. 0½% Ln 1991...	£99¼	......
9pc Cap Ln. 1996..	£98¾	......
Fin. 13% 97/02...	£114¼	......
Arnotts............	165	......
Helton Hldgs........γ	43	......
IRG..................	145	......
United Drug.........	160	......

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	46
Amstrad	7
Astec (BSR)	6
BAT	68
BOC Grp.	51
BTR	33
Barclays	38
Blue Circle	24
Boots	30
Bowaters	53
Brit Aerospace	56
British Steel	12
Brit. Telecom	29
Cadburys	33
Charter Cons.	45
Comm Union	44
Courtaulds	32
Eurotunnel	50
FKI	6
FNFC	28
Gen Accident	48
GEC	17
Glaxo	80
Grand Met	62
Guardian	19
GKN	31
Hanson	19
Hawker Sidd	39
ICI	80
Ladbroke	22
Legal & Gen.	36
Lex Service	20
Lloyds Bank	30
Lucas Inds.	15
Marks & Spencer	21
Midland Bk.	18
Nat West Bk.	27
P & O Dfd.	51
Racal Elect.	18
RHM	28
Rank Org Ord.	63
Ratners	17
Reed Intnl.	36
Sears	8½
SmKl. Beecham A	58
TI	45
TSB	12
Tesco	21
Thorn EMI	64
Trust Houses	23
T&N	13
Unilever	68
Vickers	19
Wellcome	40

Property	
Brit Land	30
Control Secs.	3
Land Securities	45
MEPC	48
Mountleigh	8½

Oils	
Aviva Petlm.	3
Brit Petroleum	20
Burmah Castrol	49
Conroy Petlm	10
Gaelic Res.	1
Premier	6
Shell	41
Tuskar Res.	2
Ultramar	30

Mines	
Lonrho	21
RTZ	48

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1,250 a year for each security shown, subject to the Editor's discretion.

FINANCIAL TIMES
Weekend May 18/May 19 1991

UK government pledges maximum effort to secure engineer's release

Iraq gives Briton life sentence for alleged spying

By Roger Matthews, Middle East Editor

THE GROWING international self-confidence of President Saddam Hussein of Iraq was underlined yesterday when s court in Baghdad sentenced Mr Douglas Brand, a British engineer, to life imprisonment for alleged spying.

The British government, which at the end of February contrihuted to tbe military defeat of Iraqi forces occupying Kuwait, said lt would exert maximum economic and diplcmatic pressure to secure Mr Brand's release.

British officials urgantly seeking confirmation from Iraq of tbe sentence said they believed it implied 20 yeare imprisonment. There did not seem to he any parallel with the case of Mr Farzad Bazoft, the journalist employed by the Observer newspaper who was hanged after being convicted of espionage last year.

Mr Douglas Hogg, Foreign Office minister, said that the detention of Mr Brand, 51, contravened United Netions resolutions.

He pledged that Britain would fight to maintain sanctions against Iraq for as long as Mr Brand was imprisoned.

"We deplore this sct. We think it is absolutely shocking," he said. "There are various things that we can do with regard to Iraqi assets here in London and also in regard to sanctions. We shall be looking at all possible steps."

Tha Foreign Office snmmoned the Jordanian ambassador, Dr Alhert Butros, to demand an immediate explanation of the whereabouts of Mr Brand. Jordan rapresents Iraq's interests in London.

The Britisb engineer was arrested last September while attempting to flee from sonthern Iraq following the occupation of Kuwait the previous month. He was held as a hostage along with thousands of othar foreign nationals.

Mr Brand, former Royal Marine wbo was awarded the Military Cross for bravery in Aden, was employed on a contract to clear mines in the Shatt al-Arah waterway left over from the eight-year Iran-Iraq war.

The Iraqi regime has, since the end of February, successfully crusbed revolts by the Kurds in the north and Shias in the south, in both cases at buge buman cost. It has also managed to restora a semblance of normality to life in Baghdad, in spite of continuing sanctions.

This suggests that the regime is again trading internationally and the sentencing of Mr Brand confirms the suspicion that President Saddam is becoming less concerned about placating the US and its allies.

Douglas Brand: no apparent parallel with Farzad Bazoft

Middle East reports, Page 3

ICI prepares to head off Hanson bid

By Our Industrial and Financial Staff

A SMALL team of senior executivas from Imperial Chemical Industries, the international chemicals group, will spend most of the weekend with their financial advisers pntting the finishing touches ou a strategy to head off an outright hid from Hanson, the acquisitive industrial conglomerate.

ICI executivas are determined not be rushed into their £300m restructuring programme announced in February in response to the hovering threat of a bid from Hanson.

The programme is designed to reduce the company's exposure to cyclical hulk chemicals and sort out its trouhled advanced materials business, both of which were responsible for the 30 per cent fall in profits it reported earlier this year.

Merchant hankers close to ICI say restructuring bulk chemicals, possihly through joint-ventures with a foreign partner, would be a top priority in any defence strategy.

Lord Hanson, chairman of Hanson, will meet his senior advisers, NM Rothschild, the merchant bank, and Smith New Court, the securities house, to consider his next step after his group on Tuesday bought a 2.8 per cent stake in the chemicals group.

The two companies are sizing each other up in what could be the early stages of one of the most significant takeover battles in recent corporate history, pitting Britain's foremost takeover specialist against its leading industrial combine.

Sir Deuys Henderson, ICI chairmau, had what was described as a very brief telephone conversation with Lord Hansou on Wednesday after ICI had discovered Hanson had bought the stake. Apart from that, the two companies have had no contact.

The ICI team, which includes its advisers SG Warburg, the merchant bank, and Goldmann Sachs, the US finance house, is working on the assumption that Hanson is assessing reactions among politicians, financiers and the public before deciding whether to proceed with an outright hid.

Hansou's advisers argued that concern among UK banks that a bid for ICI would provoke political and public opposition would not present an insuperable obstacle to an all-cash bid.

Hanson advisers said they could side-step British disquiet hy organising a consortium of perhaps 10 US international banks.

The political parties are keeping a watch on developments. Lahour is exploring ways to put pressure on the government to intervene in a hid even if, because of its size, it falls within the European Commissiou's jurisdictiou to vet ou competition grounds.

Labour believes that even if a bid were to be examined by the authorities in Brussels, the government would come under enormous pressure to launch a parallel inquiry. Downing Street is determined not to be drawn into the issue.

ICI trade unions will meet ou Mouday afternoon to decide their response to Hansou's move after meeting the company earlier in the day.

Threatened institution, Page 6

Poland devalues its currency

By Christopher Bobinski in Warsaw and Anthony Robinson in London

POLAND ended more than 16 months of exchange rate stability yesterday by devaluing its currency 14.4 per cent against the US dollar.

It also introduced a flexible exchange rate for the zloty, messnred against a trade-weighted basket of currencies.

Abaudonment of the fixed exchange rate, bltharto defeuded by Mr Leszek Balcerowicz, the finance minister, as s key element in the government's economic stabilisation policy, was partly forced by the recent strengthening of the US currency.

It also reflects Poland's contiuuing high inflation and diminishing international competitiveness.

"The aim of the devaluation is to re-establish exports as the dynamic factor in the economy," Mr Balcerowicz said. He said, however, that the government would continue its tight monetary and fiscal policies, keep a strong hold over the bndget deficit and maintain controls limitlng wage increases in the public sector to 60 per cent of the inflation rate.

The cabinet decision to devalue was taken only hours before a meeting of economists chaired by Mr Lech Walesa, the Polish president. At the meeting, some critics of government policy argued for lower interest rates and easier credit to ease growing unemployment while others accused it of being too soft on bankrupt enterprises.

Significantly, Mr Walesa puhlicly swung his support behind the tough, market-orientated policies of the government led by Mr Jan Krzysztof Bielecki.

Tha conference was organised by Mr Walesa's advisers who are anxious sbout ths political conseqnences of the recession in the run-up to general elections in October and have been pushing for an easing of monetary policies.

Mr Walesa told the meeting in the Belvedere Palace, his official residence, "I know the government has the best of intentions and it has my full confidence."

The statement strengthened both Mr Bielecki and Mr Balcerowicz at the outset of the long-awaited meeting which is seeu hy many as opening a campaign to force a cahinet reshuffle.

But Mr Walesa lamented declining prodoction and rising unemployment and warned that "ths situation could hecoms dramatic". He was speaking as a strike by copper miners in the Lubin region in western Poland went into its fourth day and the Solidarity trade union finalised plans for a day of protest next Wednesday.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)			
Rises			
Heideib Zem	1198	+	28
Hochtief	1403	+	20
Karstadt	652	+	23
Rheinelektra	1595	+	17
Rosenthal	318	+	6
Falls			
Colonia Vers	1200	–	40
NEW YORK ($)			
Rises			
Compaq	36⅜	+	¾
Hewlett-Pkd	48⅛	+	⅜
Falls			
Apple Comp	48	–	1
Autozone	29⅝	–	1⅜
Mail Boxes	20	–	4
Midlantic	7⅜	–	⅜
PARIS (FFrs)			
Rises			
Beghin-Say	655	+	15
Club Med	435	+	18
Geophysique	715	+	18
L'Oreal	573	+	12
Orsan	207	+	5
Falls			
CGIP	1096	–	17
TOKYO (Yen)			
Rises			
Sanyo Eng	1570	+	200
Katsumura	1260	+	140
Toa Valve	676	+	96
Toyo	1750	+	150
Sintokogio	1870	+	160
Falls			
Fujii	1400	–	230

New York prices at 12.30pm.

LONDON (Pence)			
Rises			
Ashtead	162	+	12
Business Tech	50	+	8
Channel Expr	125	+	11
Chiltern Radio	153	+	12
Harris (Ph)	133	+	12
McAlpine (A)	278	+	15
Shoprite	289	+	10
Tootal	88	+	4
Falls			
Airflow Str	125	–	7
Brent Walker	29	–	4
First Tech	45	–	9
Grand Met	754	–	18
Hanson	218½	–	5
ICI	1247	–	19
INSTEM	85	–	11
Interlink Expr	203	–	10
Securiguard	101	–	9
Stand Chartd	354	–	10
Storehouse	102	–	8

Monmouth

Continued from Page 1

Speaking at tha Welsh Labour conference, Mr Kinnock said that Mr Major now headed "a government which has run out of time and run ont of trust. Britain just doesn't believe the Tories any more".

Mr Hnw Edwards, tha Labour candidate, took 39 per cent of the vote in Monmouth, an increase of 11.5 per cent on the party's 1987 share, while the Tories dropped from 47.5 per cent in 1987 to 33.9 per cent.

The swing of nearly 13 per cent would see a comfortable Labour victory if it were repeated at a general election. The party claimed that it had demonstrated that it could defeat the government even in areas where there was a strong Liberal Democrat vots. Ths Liberal Democrat candidate in Monmoth saw ber share of the vote stay roughly constant at 25 per cent.

For his part, Mr Major is planning s series of speeches and regional tours in an attempt to win back the political initiative. Later today he will mount a vigorous defence of the NHS reforms. That will be followed next week by an upbeat assessment of economic prospects in a speech to industrialists.

Sweden causes chaos on foreign exchange

By Peter Norman, Economics Correspondent

THE NEWS sounded as dull as a normal Friday afternoon's tradiug. Bnt yesterday's announcement that Sweden would link its currency, the krona, to the European Currency Unit threw London's foreign exchange markets into a state of pandemonium.

The aurprise decision triggered a sudden, feverish rise in the US dollar against the D-mark and other currencies.

With its brief announcement that the krona would fluctuate in future by 1.5 per cent either side of the Ecu, the Swedish central bank brought the large, lucrative hut little noticed business of "basket arbitrage" to a sudden end. Until yesterday afternoon, the krona was linked to a basket of currencies roughly reflecting Swedish foreign trade and including the US dollar.

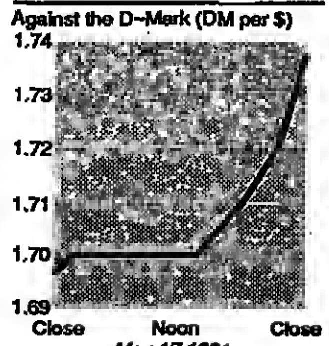
Swedish banks and corporations learned to horrow D-marks, dollars and sterling as a proxy for the full currency basket, convert these funds into krona and lend the krona on the domestic Swedisb market at interest rates much higher than the cost of the borrowed funds.

The rewards could be huge and were virtually risk-free because the curreucies borrowed reflected the basket to which the krona was linked. At the end of last year, wbeu Swedisb interest rates were very high, such basket arbitrage yialded 8 per cant annually. No-one knows how big tbe husiness hecame although some analysts yesterday estimated that between $20bn and $30hu could he involved.

By tying the krona to the Ecu, Sweden left these hitherto pampered and risk-averse investors owing billions of dollars that would bear uo relatiou to the krona'a future value. Panic set in as the arbitrageurs sought to buy dollars in a market that was unusually thin ahead of a long holiday weekend on the Continent.

Dollar

Against the D-Mark (DM per $)



There was no question of the banks selling their krona even though Swedish interest rates are now expected to fall into line with those of other Ecu currencies. The market in krona is simply uot liquid enough. Instead they mainly sold D-marks in order to buy dollars.

The dollar soared, in what Mr David Brown, a currency analyst with Swiss Bank Corporation in London, described as "chaotic conditions". It gained around 4 pfennigs within an hour and also advanced against sterling. By yesterday's London close, the dollar stood at DM1.736 against DM1.697 on Thursday night and sterling was nearly 3 cents lower at $1.7165.

And a small part of the world's financial aervices industry had lost its reason for existing.

Krona linked with Ecu, Page 2
Currencies, Page 11

RPI falls to 6.4%

Continued from Page 1

payments, inflation fell by rather less than the RPI, to 6.8 per cent from 8.4 per cent in March.

"This fall shows clearly that we are on track to get inflation down to 4 per cent by the end of the year," Mr Lamont said.

The Treasury's previous preferred measure, which also excludes the community charge, rose sharply, however. It overtook the RPI to rise by an annual 8.9 per cent from 7.3 per cent. This was because it reflected the rise in VAT and excise duties announced in the Budget bnt not the reduction in the community charge.

Confusion over the true level of inflation has mounted, with the Treasury calling the headline RPI "meaningless" while the CSO now publishes no less than five different indices.

This confusion was reflected in industry's reaction. Mr John Banham, the director general of the Confederation of British Industry, called for cnts in interest rates, but the Institute of Directors urged caution.

The April RPI was 133.1 (January 1987=100) after 131.4 in March.

THE LEX COLUMN

Hanson's chemical experiment

After a few days of reflection on the ICI/Hanson affair, some glimmerings of consensus are starting to emerge. Hansou is engaged in the time-honoured practice of shaking the tree, whereby journalists and analysts are sent obediently scurrying around to gauge political and City reaction to a bid. But the odds still must be against a bid taking place: or if it does, against it succeeding.

The case against ICI is painfully easy to envisage. At its last cyclical peak in 1989, ICI's net profits adjusted for inflation were 8 per cent lower than they were in 1974. Allowing for growth in the UK economy over these 15 years, ICI's profits shrank in relative terms by a third. But this kind of contraction is not untypical of the chemical industry worldwide. If BAT was criticised at the time of the Goldsmith foray for too much diversification, ICI might fairly be criticised for too little. It is not a problem to which a break-up artist like Hanson can obviously contribute.

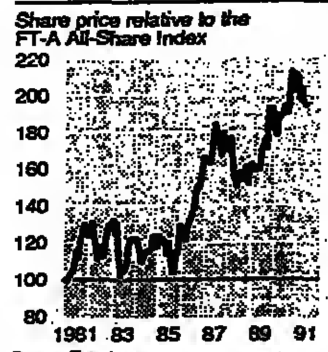
There is another more basic obstacle. It is unlikely that a bid for ICI would be feasible without a full cash alternative. It is by uo means clear that Hanson could afford that without selling bits on. The chief candidate has been taken to be the pharmaceuticals division, since the commodity chemicals businesses would cause regulatory prohlems by virtue of their enormous market shares.

But there is a fundamental prohlem bere as well. The going rate for a pharmaceutical business like ICI's would be some 20 times earnings, which would hlow a hole in the buyer's profit and loss account and halance sheet. This is the reason for the spate of drug industry mergers in recent years, tbe added advantage being that research scientists are not alienated by hostile takeover. But Hansou would need cash, not a part share in a merged drug company. Unless Hanson has some fiendishly clever hidden agenda, the whole business is perhaps being taken more seriously than it deserves.

FT-SE Index: 2,453.9 (-18.0)

Unilever

Share price relative to the FT-A All-Share Index



Source: Datastream

Markets

When the prospect of a bid for ICI fails to lift market spirits, London would appear to be badly out of sorts. Investors seem to be increasingly plagued by doubts about economic revival. Not so long ago, company chairmen were confidently predicting that the upturn would begin in the second half. It may be sinking in that this deadline is now only six weeks away: bence the shift in emphasis to the final quarter. Meanwhile, anecdotal evidence suggests that things are, if anything, getting worse rather than better. Marks and Spencer was not alone this week in saying that it is not counting ou any economic revival this year at all.

In the short term, the market may also be driven by politics. Following the Monmouth hy-election, the process of adjustment to the idea of a Labour government is likely to speed up. Apart from higher taxes for those still on telephone number salaries, this does not uecessarily have to be bad news. The ERM represents a real constraint and some in the City are even warming to the idea of Mr John Smith as guardian of the PSBR. The danger will come from wages: but then, the present government has little to be proud of in this respect either.

Unilever

Unilever's first quarter tends to produce just 15 per cent of full-year profits. That means there is still plenty to go for if consumer spending in the US quickly emerges from its present trough. At this stage, though, it is impossible to tell whether the recovery will come in time to turn the first quarter's mere 1 per cent rise in earnings into something more respectable for the year. The company is certainly not raising bopes. The signs are that margins in north American food and personal products remain fragile.

The quarter was saved by another strong showing in Europe, where the underlying advance was, to some extent, masked by exceptional profits in 1990. European margins have improved by almost a full percentage point over the past 12 months. But the prospect is for a further slowdown in the continental economies in the second half, producing a difficult comparison with a very strong period last year. Unilever shares, down 2p last night at 727p, have largely missed out on this year's stock market rally and look to be out of favour with US investors for the time being. There seems little immediate reason for sentiment to change.

Water companies

In the coming weeks, the water companies are likely to report full-year profit increases averaging more than a fifth above the level agreed with the regulator at the time of privatisation. If they are tempted to repeat the unseemly scramble at the interim stage to out-do each other witb divideud increases, they sbould tbink again. Another round of excessive pay-outs might stimulate the regulator to impose a much tougher financial framework. That would be bad news for investors and the indnstry alike.

A measure of the companies' financial strength is that some, notably Welsh Water and Severn Trent, appear to be more than 40 per cent over their profits target. Others, including Northumbrlan and North-West, are thought to have made unusual provisions in an attempt to reduce reported profits.

The reason for this embarrassment of riches is simple enough; the industry has experienced a large shortfall in its operational spending which, together with the helpful timing of its cash flow, has left it flush with funds. What to do but hand the cash back to the owners? The obvious answer – to use the money to diversify by acquisition – founders on the lack of alternatives. Few industries are inherently as attractive as the basic water business.

If the dividends overflow, the regulator will have a choice. He can wait until the full industry review in 1995 before hammering the companies with a really tough regime. More radically, he could introduce restrictions on the companies' ability to grow their dividends next year. It is no coincidence that Ofwat has already asked for detailed information on operating costs. Cautious investors might be preparing a defensive strategy: pay the final instalment in July, take the dividend in August and run.

WORLDWIDE WEATHER

UK today: ths south-east will be sunny and England and Wales will be drier than the laat few dsys but with some drizzle. Heavler rain will move across Scotland and Northern Ireland, followed by drier weather in the north-west. Outlook: most areas will be warmer but cloudy with some showers and bright spells.

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	17	63	Bordeaux	C	14	57	Dallas †	F	18	65	Innsbruck	R	7	45
Algiers	S	21	70	Boulogne	F	12	54	Dublin	C	14	57	Inverness	C	11	52
Amsterdam	C	10	50	Bristol	C	12	54	Dubrovnik	C	13	55	Isle of Man	S	12	54
Athens	F	21	70	Brussels	C	10	50	Edinburgh	C	12	54	Istanbul	F	20	68
Bahrain	S	33	91	Buenos Aires		–	–	Faro	S	19	66	Jersey	C	13	55
Barcelona	C	16	61	Budapest	R	11	52	Florence	F	17	63	Johannesburg	S	21	70
Belfast	C	15	59	Cairo	S	27	81	Frankfurt	R	9	48	Las Palmas	F	20	68
Belgrade	F	12	54	Cape Town	S	29	84	Geneva	F	11	52	Leeds	C	11	52
Berlin	F	11	52	Cardiff	R	13	55	Gibraltar	S	21	70	Lisbon	S	25	77
Biarritz	C	12	54	Chicago		–	–	Glasgow	S	15	59	Locarno	S	17	63
Birmingham	C	11	52	Cologne	C	16	61	Guernsey	C	11	52	London	C	11	52
Blackpool	C	10	50	Copenhagen	F	12	54	Helsinki	F	12	54	Los Angeles †	S	13	55
Bombay	F	32	90	Corfu	F	16	61	Hong Kong	S	28	82	Luxembourg	C	9	48

		°C	°F			°C	°F			°C	°F			°C	°F
Madeira	S	19	66	Nairobi	C	22	72	Prague	F	12	54	Tangier	F	19	66
Madrid	S	20	68	Naples	S	17	63	Reykjavik	R	5	41	Tel Aviv	S	22	72
Majorca	C	14	57	Nassau		–	–	Rhodes	S	21	70	Tenerife	S	20	68
Malaga	S	21	70	Newcastle	C	10	50	Rio de Janeiro		–	–	Tokyo	C	24	75
Malta	F	18	64	New Delhi	S	37	99	Rome	F	17	63	Toronto †	R	17	63
Manchester	R	10	50	New York †	S	21	70	Salzburg	R	7	45	Tunis	F	20	68
Melbourne	C	14	57	Nice	S	17	63	S'Francisco †	F	11	52	Valencia	S	21	70
Mexico City		–	–	Nicosia	S	21	70	Santiago		–	–	Venice	F	15	59
Miami †	F	27	81	Oporto	S	25	77	Seoul	S	21	70	Vienna	Sl	5	41
Milan	S	15	59	Oslo	F	11	52	Singapore	F	31	88	Warsaw	C	14	57
Montreal †	R	17	63	Paris	F	13	55	Stockholm	R	4	39	Washington †	C	21	70
Moscow	C	19	66	Peking	S	30	86	Strasbourg	C	10	50	Wellington	S	16	61
Munich	R	7	45	Perth	S	20	68	Sydney	C	17	63	Zurich	T	9	48

Temperatures at midday yesterday † Noon GMT temperatures C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

Weekend FT
SECTION II
Weekend May 18/May 19 1991

New light on the sayings of Jesus

*A mysterious scrap of papyrus published in an obscure American journal may transform our knowledge of early Christianity. **Robin Lane Fox reports***

A THUNDERBOLT may be about to strike early Christian history. We have a new candidate for the title of the earliest surviving text of sayings ascribed to Jesus, including one never before recorded. It was written, perhaps between 100 and 125, in a language which historians had not expected, and its reappearance is a mystery which stretches from Oxford to America.

The newly-identified text was not unearthed in some ancient tomb in Egypt. It is much more mysterious than that. The claim is that it has been sitting in print, unrecognised and untranslated, since 1875. This year, it was brought to light by one Batson D. Sealing, author of several articles for Egyptological publications, who sent a photocopy, apparently from a long-forgotten journal in the US, to an Egyptological journal.

However, Sealing appears to have misunderstood completely the significance of his find. He appended a translation – which has now been proved wrong. The text he uncovered could turn out to be, not as he seems to have thought, a curiosity, but a sensation. Unfortunately, Batson D. Sealing has been unavailable at his forwarding address in Montana, and untraceable so far by letters and phone calls, so there is no easy way of checking its provenance.

The heart of the mystery is a text, apparently recorded on papyrus, which does not match any of the Four Gospels in our Bible. It overlaps with two other uncanonical Gospels, both of which are known from papyrus texts. This new find suggests that they existed earlier and in languages which scholars had never previously suspected.

A big surprise is that the new and apparently very early text, is not in Greek like the Biblical Gospels, nor even in the Aramaic which Jesus spoke: It is in Egyptian and is written in the demotic script which few could read or write in the early Christian period.

The photocopy which Sealing sent with his article is said to have been made from the original papyrus's first and very obscure appearance in print, in the Supplement to the Proceedings of the New Orleans Academy of Sciences. In 1874 to 1875, according to Sealing's photocopy, members of this Academy had been intrigued by a curious document belonging to a private collector who owed it to a distant relative's travels in the Holy Land. They wondered if it was written in Arabic or "the Hindoo script." They opted correctly for Egyptian, but nobody in New Orleans could make head nor tail of it. None the less, they copied the writing carefully and printed an exact sketch.

An original copy of this 1875 Supplement has now become the hottest scholarly property. No library in Britain appears to have it and so far inquiries in New Orleans and America's Library of Congress have produced no direct evidence of its survival. The text has therefore been read and identified only from Sealing's copy. The original papyrus may possibly be among the collections of the New Orleans Academy, which have passed to Tulane University in the US. However, it is not vital that the original should be discovered. The 1875 facsimile would suffice, because, as I will explain, at that time it could not have been faked.

Could it, even so, be an elaborate hoax, or an innocent mistake from a hoax begun long ago? If so, it is not an obvious one. Batson D. Sealing said in an article for Egyptologists this year that he believed that many early Egyptian texts have been slumbering in old journals, ignored by scholars. When he discovered just such a text, he tried to translate it – and got it utterly wrong. Sealing thought the text recorded the wisdom of Egypt's pagan goddess, Isis. The translation made little sense and he left it for further study.

It is not surprising that Sealing made such an error, because the demotic script is extremely difficult and only about 25 people in the world work in the field. Indeed, it took a combination of expertise and a lucky inspiration in Oxford High Street to unlock the secret.

In January, Sealing's version and copy of the text reached an Oxford academic journal, which passed it on to Mark Smith, Oxford University's 39-year-old lecturer in Ancient Egyptian and Coptic Studies. Without a sudden clue from Coptic, it is highly unlikely that anyone could have seen the text's true significance.

Smith received the copy in the Ashmolean Museum, gave it a preliminary look and set off on a usual academic exercise, the walk to lunch in his college. As he passed the learned bastion of All Souls he was struck by a sudden flash of recognition. The lettering in Sealing's text did not refer to Isis but to *Issus* or *Issa* (Jesus). In another flash, something about its form struck him.

Smith sometimes tests students with a Coptic papyrus of an enigmatic work, known as the Gospel of Thomas. This lists 114 odd sayings introduced with the words "Jesus said" or "He said". Exactly the same phrase introduced the sentences in Sealing's find. In Oxford High Street he had unlocked the riddle of a text which baffled students 100 years ago. It matched bits of the Gospel of Thomas, but, crucially, it appears much older and was written in a different Egyptian script.

The realisation did not interrupt Smith's lunch, at which he remarked to the Chaplain of University College that he believed he had just identified a text purporting to give bits of Jesus's sayings in Egyptian from the Gospel of Thomas.

So Batson D. Sealing's text of the "wisdom of Isis" turns out to be something very different: "The secret sayings which the living Jesus speaks and Dhutmose writes." The text is only a fragment of a bigger whole. Of the ten sayings, it attributes to Jesus, eight are found almost in the same words in a later Egyptian papyrus of the Gospel of Thomas. One saying is a "first," unattested anywhere else.

Papyri in the demotic script can usually be dated only by the writing style. We still have only a copy of a drawing of the text purported to have been made in 1874; however, Smith and others are independently convinced that the closest parallel is a well-known papyrus, now in Leiden, Netherlands, which is usually dated to the early 2nd Century. The new text, if genuine, was copied between c.100-125.

There are only two other papyri of Christian Gospels at such an early date: a fragment of the Fourth Gospel (now in Manchester) and the bit of the unknown Gospel, now in London. Many scholars have dated the Gospel of Thomas no earlier than c. 140-200 and have assumed it was first written in Aramaic. If the new text can be verified as being considerably earlier, the fact that the language is different will cast an important new light on the Gospel of Thomas.

However, Smith says: "I should be totally satisfied that the text is genuine only if it could be proven beyond doubt that the facsimile reproduced by Sealing appeared in print as early as 1875." At that date nobody knew any relevant part of the Gospel of Thomas, so the text could not have been forged.

So we are confronted with a mystery. In the hope that it can be solved, I will discuss the implications of the text as if it is genuine.

First, how did it come to be written in a language which scholars would previously not have expected? Christianity is thought to have passed from the Aramaic spoken in the Holy Land into Greek: then from Greek into non-classical languages in Egypt and elsewhere. Tradition says Christianity arrived in Egypt with St Mark. The new text would suggest very early Christian preaching in the Egyptian language. The demotic script was used chiefly by Egypt's priests in a pagan temple. We may have to imagine a pagan priest, bored with his father's traditional way of doing things, who read and wrote secret sayings of Jesus on long Egyptian evenings.

Then, who was Dhutmose? The name means "born of Thoth," the Egyptian god of wisdom. We certainly had not expected that the earliest record of Jesus's words might be circulating under a pagan Egyptian's authority. Could Dhutmose have been the first Egyptian Christian author, or was his name added to give greater authority to the text?

Eight of the new text's sayings of Jesus (panel, top right) appear in the "Gospel of Didymus Judas Thomas," found in a 4th century Coptic papyrus. There is no narrative, but 114 sayings are ascribed to Jesus. One theme is that you and I are potentially twins of Jesus; Didymus means "twin" in Greek. The new find shows a much earlier stage in this Gospel's life and may help us to understand its curious title. During the 2nd Century, other Gospels were credited with named authors, many of them apostles. The name Dhutmose sounds quite like Didymus Thomas in Egyptian. Was this old batch of sayings in Egyptian ascribed to the apostle Thomas?

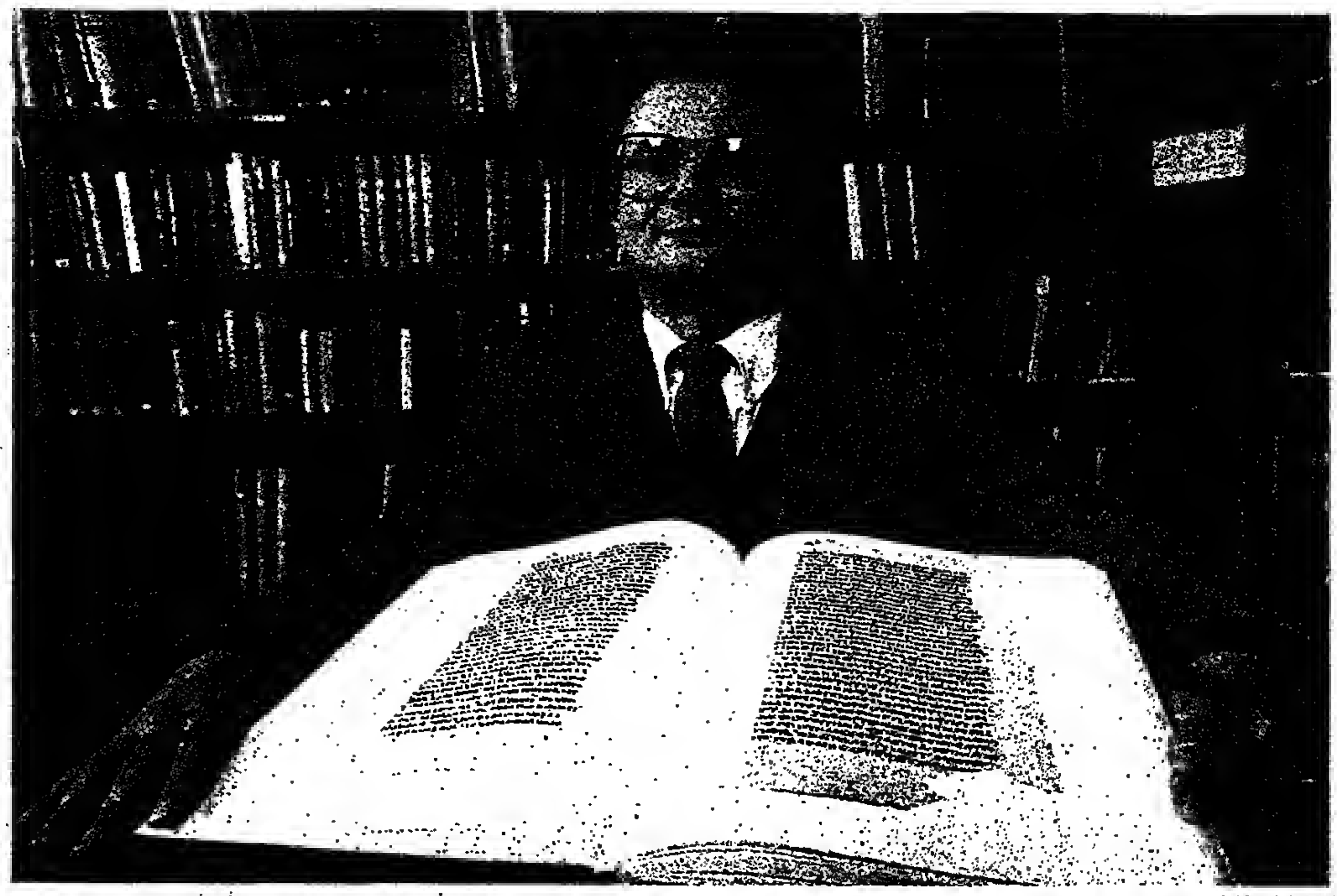
As for the sayings themselves, for the first time we are told that Jesus said: "Taste, and you will say the Lord is sweet." In other Gospels, Jesus says things about eating his body and drinking wine or living water. This new saying is almost a quotation of Psalm 33.8: if it stood in one of our four Gospels, it would be quoted as proof that Jesus knew and used the psalms.

We are also told: "Whoever finds the interpretation of these sayings will not experience the taste of death," and "Let the one who seeks cease seeking until he finds." For the first time, an odd saying in our later Gospel of Thomas becomes clear. Seekers for Jesus are not to go on seeking, but must stop seeking: then they will "find" him, presumably by a revelation.

Did Jesus actually say these things? In the 1950s, the 114 sayings in the later text of the Thomas Gospel started a controversy: a minority still argues that some are "more authentic" than similar sayings, printed in our Biblical Gospels. Most remember the weirder sayings and curious tone and dismiss them as fiction. The right inference, I think, may be rather different.

Like our four recognised Gospels, the Thomas Gospel has been shaped to convey particular themes. We cannot choose individual sayings and claim these are authentic. All the Gospels contain more of what Jesus was remembered, or was believed, to have meant, rather than what he actually *said*. The new text is further evidence for that varied, early meaning.

If the text is genuine, I would guess that the fragment came from a larger papyrus containing most of the other sayings in the later papyrus of the Thomas Gospel, and it could have important implications for our understanding of early Christian writing. If it is not authentic, quite another story remains to be told.



Ashley Ashwood

Mark Smith, of Oxford University, with a facsimile of the Coptic Gospel of Thomas: a newly-identified text may predate this enigmatic work

THE PAPYRUS WRITINGS

These are the secret sayings which the living Jesus speaks and Dhutmose writes.

1. He said: Whoever finds the interpretation of these sayings will not experience the taste of death.
2. Jesus said: Let the one who seeks cease seeking until he finds and when he finds he will be disturbed and will marvel and become ruler over the all.
3. Jesus uttered this statement while looking at the rulers of the people: Make enquiry of the scriptures, from whom you think you possess life. They are the ones who bear witness about me.
4. Jesus said: Whoever seeks will find (it). Whoever knocks will be let in.
5. He said: Where there are three gods, they are gods. Where there are two or one, I am with him.
6. Jesus said: Love your brother like your soul. Guard him like your eye.
7. He said: I have cast fire upon the all. Behold, I guard it until it . . .
8. He said: The one who knows them (?) will not experience the taste of death . . .
9. Jesus said: Whoever has ears, let him hear (it). Whoever . . .
10. He said: Taste and you will say the lord is sweet.

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Wanted: a king for a castle. John Brennan uncovers a multi-million pound tragi-comedy: Page XI

The Long View/**Barry Riley**

The Pöhl-Pemberton show

HOW SAFE is the British currency as a store of value? Different measures of inflation are now two-a-penny, and the official celebrations over the sharp fall in the headline inflation rate announced yesterday to 6.4 per cent have been muted. After all, factory gate inflation earlier in the week was officially calculated to have risen to 6.2 per cent, the highest since 1982.

There is the uncomfortable fact that inflation over the past 20 years has averaged 9.9 per cent a year. The best market view about the future is taken from index-linked gilts, where the gap between nominal and real returns implies a long-run expectation of 6 per cent. That is less than an enthusiastic endorsement of the benefits of the European Monetary System.

At least Governors of the Bank of England have not yet taken to resigning early in order to assume lucrative posts with American investment banks, which is one rumoured career move of Karl Otto Pöhl, president of the Bundesbank, later this year. Whatever his destination, his early departure was confirmed on Thursday.

Of course, individual central bankers may come and go, but their mighty institutions carry on regardless. That at least is the proposition in Frankfurt, and whatever the tensions between Pöhl and the German chancellor Helmut Kohl the claim has some credibility.

The Bank of England is another matter. Robin Leigh-Pemberton, with close personal links with the Conservative Party, was widely seen as a political appointee when he replaced the unThatcherite Gordon Richardson in 1983.

With the passage of time, however, Leigh-Pemberton has become captured by his institution and has begun fervently talking about the need for independence. This week, once again, he has been pointing out the need to wait until inflationary pressures in the economy have more fully subsided before celebrating with large cuts in interest rates. But what future would Leigh-Pemberton have should Labour win the election?

To an extent, troublesome governors of the Bank of England can be useful to governments. They can take some of the blame for unpopular policies just as in the past the gnomes of Zurich or, better still, the IMF have been held responsible for interest rate hikes or public spending cuts. But the difference is that whereas the IMF is plainly not under the influence of the British government, still less the gnomes, this cannot at present be said of the Bank of England.

Sooner or later members of the Mother of Parliaments are going to stand up and ask why some unelected official in Threadneedle Street is being allowed to put thousands of voters in marginal constituencies on to the dole. It is *not* the governor's job to govern.

However, this may change. The Bank may have failed to exert much influence on the Treasury over the years but the move to full membership of the EMS last October marked a substantial reallocation of power. Economic and Monetary Union will involve a still more significant shift of sovereignty.

On Tuesday Robin Leigh-Pemberton was in Frankfurt, classic Pöhl territory, flexing his muscles. Monetary policy was all about stable prices, not economic growth, he said. Lessons, it seems, have been learnt. The Bank of England's failure to prevent the monetary disasters of the late 1980s is still a heavy burden for it to bear as an institution.

It is true that the dog began to bark, notably in August 1987 when it insisted on a one-point rise in interest rates to 10 per cent which temporarily shocked a stratospheric stock market. But in retrospect that was much too late (significantly, interest rates had fallen by two points in the three months before the June 1987 general election).

In any case, the dog allowed a muzzle to be put over its fangs after the stock market's crash of October that year, and interest rates were cut as low as 7½ per cent the next spring even though the economy was growing at a year-on-year rate of 5 per cent at the time.

Out of that experience came the conviction, in the Treasury as well as the Bank, that only by putting monetary policy out of the reach of British politicians would the currency ever be safe. After two years of crumbling Thatcherism the EMS objective was eventually reached. But it has raised as many new questions as it has answered old ones.

Have we hitched sterling to the D-mark just as the Bundesbank's power itself starts to wane under the influence of the brutal politics of German unification?

After all, the Bundesbank has to be restructured later this year to include representatives of the economically devastated East where fighting inflation is not the most urgent objective. Beyond that, who will hold ultimate monetary power under EMU in an ever-widening European Community?

In any case, the UK faces extreme discomfort in the transition to lower inflation. The process has been implemented the wrong way around. The right approach would have been to stabilise the internal value of sterling and then much later fix the external value at an appropriate level. In fact we pegged the £ at DM2.95, variable only within narrow limits, and are now trying to make that a valid level.

Instead of only combating future inflation we are fighting a battle against inflation still trickling through the time-tunnel from the past. It is a battle scarcely worth fighting, but the politicians need a quick victory, not a five-year siege.

There have been a few hints of the kind of measures which might be needed, such as the abolition of higher rate mortgage interest tax relief. But much remains to be done.

The growth of broad money may have slowed to about 10 per cent year-on-year from 17 per cent per year over the last three years, yet considering that economic growth has gone from plus 5 to minus 3 per cent over the same period the underlying monetary buoyancy does not appear to have changed much.

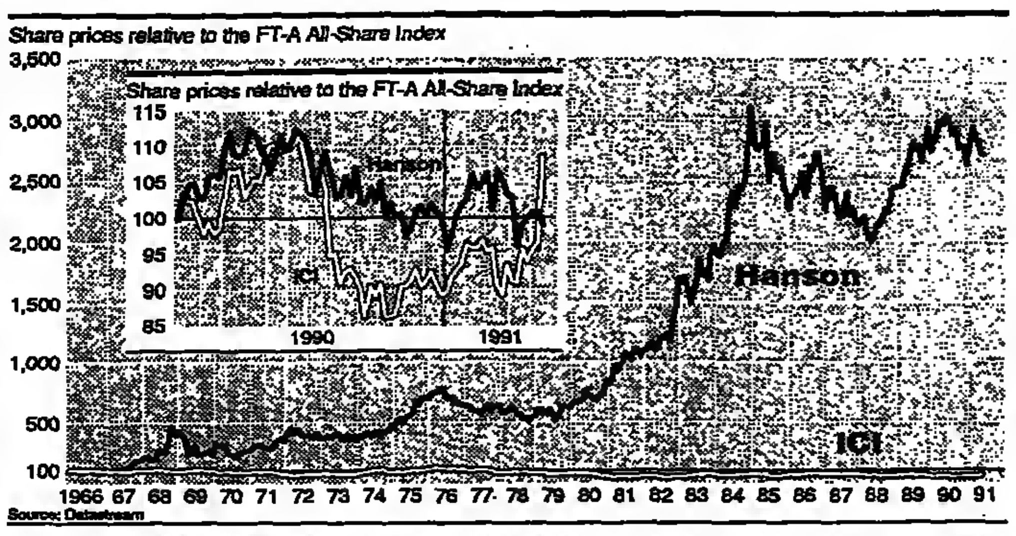
And we have another general election coming up.

THE WEEK IN PERSPECTIVE

FINANCE AND THE FAMILY

London Markets

Now, anything seems possible



Source: Datastream

A LOT OF things that would have seemed wildly implausible a year or so ago happened this week, and only one of them was the threat of a possible bid for ICI.

The thought that Hanson might soon be launching a bid for Britain's leading manufacturing company, on the back of the 2.8 per cent stake acquired as a result of a market raid just before noon on Tuesday morning, was certainly astonishing.

It was accompanied however by other, scarcely less remarkable events, including the sight of the front page of a London evening paper filled by a story about changes in Spanish interest rates; the television and radio time devoted to the resignation of the president of the Bundesbank; and the revelation, in the fine print of Friday's superficially encouraging retail price index figures, that after 32 months of monetary squeeze, the usual measure of underlying inflation in Britain was still rising, to 8.9 per cent.

All of these events, in their way, affected the stock market, Hanson's ICI stake most visibly. Shares in ICI, trading at 809p as recently as September 1990, and at 1100p at the close of trading on Monday, had jumped to 1286p by Thursday. Yesterday, with doubts setting in of the imminence of a bid, the stock dropped back a little, closing at 1247p, up 137p or 12 per cent on the week. Hanson, at 225p on Monday, reacted poorly to the news of its ICI stake; its shares closed the week at 215½p, down 14½p, or 7 per cent.

Hanson appears to have bought its stake from Smith New Court late on Tuesday at a price of 1194¼p. Takeover Panel rules say that if Hanson launches a bid within the next three months, it must pay all shareholders that price or more. As long as a Hanson bid within that period remains a possibility, this week's transaction puts a floor under the price of one of the country's biggest stocks. ICI currently makes up 2¼ per cent of the FT-SE 100 index, so Hanson's stake will provide a tiny bit of invisible support for the index as a whole.

Further support comes from the suggestion, implicit in Hanson's stake, that the age of giant takeovers is not dead. Other potential targets rose in sympathy. Hawker Siddeley, for example, rose 10p on Thursday, closing on Friday at 570p, down 4p on the week. Merchant banks rose too, on the thought that lucrative fees might be in prospect: at one point on Thursday S.G. Warburg, one of ICI's advisers, touched 460p, having started the day at 441p. it closed the week at 451p, up 4p. The market as a whole benefited from this sudden rash of excitement; though the FT-SE index dropped on Tuesday, Wednesday and Friday (when it closed at 2453.9, down 70.4 on the week) the drop might have been greater without all the excitement.

The downward forces were substantial: comments by the Governor of the Bank of England signalling that the market was to be deprived of its expected half-point cut in base rates this Friday; the poor figure for underlying inflation on the Friday itself; and the increasing likelihood (borne out by events) of a Conservative defeat in Thursday's by-election.

In the background were the unsettling developments in the international financial scene implied by the departure of Karl Otto Pöhl as president of the Bundesbank. The larger than expected drop in interest rates in Spain, partly a result of pressure from France, made an eventual cut in UK interest rates easier, but also brought two uneasy reminders. One was of the inflationary pressures building up inside the European Monetary System; the Spanish financial authorities would probably have preferred to avoid a cut, at least of this size, and the decision was largely a political one. The second, exemplified by those banner headlines about the Spanish cut, was of Britain's limited freedom of action inside the exchange rate mechanism.

There was no UK cut in interest rates on Friday. The money markets are still discounting one soon, however, and there were other forces propping up the stock market. One of them, highlighted by Warburg Securities, was the thought that a 10 per cent drop in share prices would bring the yield ratio – the ratio of long term interest rates to the yield on equities – down below 2.00, traditionally a strong buy signal. Another was a string of generally positive results from big retailers.

Marks and Spencer produced a 2 per cent increase in annual pre-tax profits; J Sainsbury announced a 15 per cent increase; and Argyll reported a 19 per cent increase. Argyll took the opportunity to launch a £387m rights issue, well received by the market, to build more new stores. This helped step up pressure on Asda, seen as perhaps the big supermarket chain most vulnerable to the sector's intensifying battle for market share. Asda closed on Friday at 121p, down 11p on the week; Argyll closed at 302p, down only 9p.

There was a flood of publicity as bids closed for the Channel 3 television franchises. Central Independent Television, one of the three companies for whom there turned out to be no rivals, gained 50p on the week to close at 648p; Scottish TV, also without competition, closed at 750p, up 37p.

Amid all the Hanson excitement, one real bid went partly overlooked. It came from ACT, the computer group which stumbled across its new corporate strategy on television last year, as ICI's former chairman Sir John Harvey-Jones advised it to dump its hardware business and concentrate on services. It has followed that advice and this week, hardware-free, embarked on a £27.4m agreed bid for Quotient, formerly CCF, which carries out processing for stockbroking firms. Quotient leapt 65p to 183p on Wednesday, to close the week at 184p, up 66p.

In case you wondered, Sir John is away on holiday, and is unable at the moment to offer advice to other companies thinking of becoming bidders – or their targets.

Peter Martin

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1991 High	1991 Low	
FT-SE 100 Index	2453.9	-70.4	2545.3	2064.8	Fading base rate hopes
ASDA	110	-11	143	106	Worries over current trading
Brit Petroleum	322	-22	361	295	Rights issue rumours
Burton	77	-17	109½	66½	Slow clothing sales
Butler Cox	240	+109	240	90	Agreed £14.3m bid from CSC
Central ITV	648	+50	653	480	Stake announcement
Conder Group	34	-12	57	25	Recent losses/board changes
Davy Corp	109	-19	135	104	Oil rig contract worries
Egerton Tst	6¼	-8¾	22	5	Restructuring proposals
Grand Metropolitan	754	-66	839	623	Interim profit fall
Harris (Philip)	133	+33	133	61	Report of £7m Indonesian contract
ICI	1247	+137	1290	845	Hanson bid speculation
Jones Stroud	130	-25	215	120	Profits warning
Quotient	184	+66	184	40	Agreed bid from ACT Group
Smith New Court	140	+16	145	95	ICI stake deal

Serious Money

Hanson and ICI: what about the pensioners?

By Philip Coggan, Personal Finance Editor

WHEN INDUSTRIAL giants such as ICI and Hanson are in the headlines, the little man tends to go unnoticed. But the 74,000 ICI pensioners might be sleeping a little less easily this weekend at the news of Hanson's acquisition of a 2.8 per cent stake in their former employer.

Hanson has made itself unpopular with pensioners in the past. When it took over Imperial Group in 1986, it quickly sold the Courage breweries to Elders IXL but attempted to retain the bulk of the surplus in three Courage pension schemes. This move, which provoked strong protests from employers and pensioners, was blocked by the High Court.

Subsequently, Hanson's plans to change the terms and conditions of Imperial Tobacco pensioners caused a further battle, which also led to a court ruling. Sir Nicolas Browne-Wilkinson, the senior judge of the chancery division, questioned whether the company's actions towards its pensioners had been in good faith and ruled that Hanson must not look solely to its own interest when making changes to the scheme.

Following the court case, a compromise was reached between Hanson and the pensioners with improved terms for the latter. This ruling may have strengthened the hand of pensioners in future disputes.

But the ingenuity of predators can often surmount legal obstacles and ICI pensioners have already voiced suspicions about what might happen if Hanson did launch, and win, a takeover battle.

The stakes involved are large. The market value of ICI's pension fund assets, according to its last annual report was £5.9bn – and markets have risen since then. While ICI does not spell out the surplus, it does state, in the jargon of the industry, that "the actuarial value was sufficient to cover 109 per cent of the benefits that had accrued to members". That implies a surplus of almost £500m.

It is possible for trust deeds to be drawn up to include a "poison pill", protecting the pension fund against predators, but ICI would not comment this week on whether it had made such a move.

ICI was criticised in a Labour party report this year for raising its pensions at a rate less than inflation, and in reducing its contributions to the fund without cutting those of employees. But it is generally perceived to be a paternalistic employer.

Gareth Davies, a retired employee who has written to *The Times* about the subject,

> *'Pensioners have a real interest in the intentions of a predator'*

said yesterday that "everybody continues to trust ICI to do its best for pensioners but would that longstanding trust be broken by a hostile predator?"

There has been, of course, much debate over exactly who owns the surpluses in pension funds. These surpluses have been built up by the buoyancy of investment returns over the 1980s, and by the shedding of labour at many large companies which has reduced future liabilities.

Trade unions have argued that pension funds are deferred pay and thus belong to current and ex-employees. The counter-argument is that employers are expected to cover any shortfall in the fund, and so should be entitled to any surpluses.

Throw in the Inland Revenue's understandable interest in taxing any surpluses and the possible impact of the European Court's decision on the equalisation of benefits between the sexes and you have a tasty recipe for controversy.

The trouble is that the employees, and the pensioners – on whose behalf all these vast sums are invested – rarely have a voice in this debate. Money is deducted from employees' pay packets at source and they have little say in how it is invested.

If a larger company such as ICI were to be taken over, the pensioners obviously have an interest in the nature and intentions of the predator. But there is no mechanism for looking after this interest – shareholders are unlikely to consider the plight of the ICI pensioner when deciding whether or not to accept an offer. And regulatory authorities normally consider bids on competition grounds – and do not look at the impact on pensioners and employees.

Pensioners have little muscle of their own; they cannot go on strike. They have only the law to protect them, and usually, companies can afford better lawyers.

Rather than continue to pursue the chimera of wider share ownership via tax breaks, the government might do better to give individuals a greater role in what for most will be their largest equity-related investment – their company pension.

Meanwhile, what is the small ICI shareholder to make of all this? He or she is probably pleased with the increase in the share price so far, and may be tempted to take the profits.

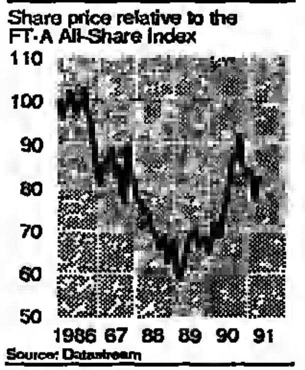
However, the main point of investing in ICI is for the long term. Even if a Hanson bid, or a rival ICI restructuring plan, does not emerge, there are strong arguments against selling a holding in one of the UK's largest industrial companies at the bottom of the recession.

If a bid were mounted small shareholders would be wooed by both sides, although the institutions (in many cases, other people's pension funds) will decide the outcome of a battle. it may be a romantic notion, but perhaps the small shareholder might consider his fellow little man – the ICI pensioner – when considering his decision.

AT A GLANCE

Marks and Spencer

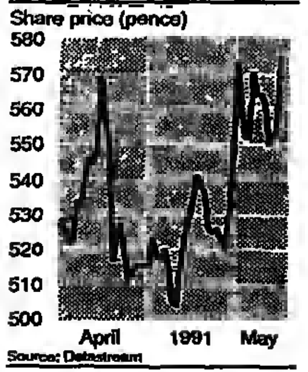
Share price relative to the FT-A All-Share Index



Source: Datastream

Allied-Lyons

Share price (pence)



Source: Datastream

M and S discloses 2% rise in pre-tax profits to £615m

Two of Britain's largest consumer-related companies reported results this week. Marks and Spencer revealed a modest 2 per cent increase in pre-tax profits – helped largely by growth in Europe – to £615m and warned that it did not see an early end to the recession.

Meanwhile Allied Lyons, the food and drinks group, struggled to repair the damage of its £147m foreign exchange losses by announcing a new management strategy, involving the sale of Lyons Maid and Sapori, the Italian bakery business.

Although the currency losses knocked pre-tax profits down 15 per cent to £479m, operating profits rose by 19 per cent. Allied Lyons's shares have recovered the ground lost since the announcement of the currency losses in March. *Philip Coggan*

Guaranteed Tessa launched

Bristol & West Building Society and Eagle Star have launched a guaranteed Tessa, funded by a four-year annuity. The fixed rate on offer is 11.25 per cent.

A full £9,000 Tessa allowance will grow to £13,243 on this basis but the annuity system means that the amount needed to fund the Tessa will vary depending on the purchaser's age and sex. A 65 year old male will need to make an initial investment of £8,245 (£3,000 initially in the Tessa and £5,245 in an annuity). The initial investment needed will be slightly higher for a woman of the same age and lower for older people. *P.C.*

Save & Prosper cuts credit card rates

Save & Prosper is cutting the rates on its Visa and Mastercard credit cards, as from June 10, to 1.9 per cent a month on the no fee card and 1.69 per cent on the £8 fee card. Its own survey shows those to be among the lowest rates in the market, save for BCCI's Visa card, which charges 1.5 per cent a month, plus a £6 annual fee.

Rates go up to 2.3 per cent a month (31.3 per cent APR) from Leeds Permanent's Visa and 2.2 per cent a month (29.8 per cent APR) on Access from Clydesdale, NatWest, Royal Bank of Scotland and TSB. *P.C.*

Women warned on pensions

Women were warned this week that they need to safeguard their pension rights by two reports. A Premium Life study found that 29 per cent of working women – 2.6m people – rely solely on the state or their husband for their retirement income. Premium Life offers a free guide to Women and Pensions, available by calling 0800-414111.

Meanwhile, the Joseph Rowntree Foundation warned that divorced women can incur hardship because few have access to their ex-husband's pension rights. And the proportion of women over 60 who are divorced, and not remarried, is likely to increase from 3 per cent in 1985 to 13 per cent in 2025. *P.C.*

Help the Aged's tax advice

Help the Aged has launched a free booklet, *Check Your Tax*, designed to prevent older people from being over-generous to the Inland Revenue. Copies of the leaflet can be obtained from any Help the Aged shop or by post (9" x 6" SAE required) from Chris Kelic, the Information Desk, Help the Aged, St James's Walk, London, EC1R 0BE. *P.C.*

Wall Street

Computer maker spooks the market

COMPAQ COMPUTER, long a Wall Street favourite, is one of the most successful US start-up companies of the past decade. But this week it delivered news which spooked the entire stock market.

The Texas-based company announced on Wednesday that it expected second quarter sales to drop 15 per cent, causing an 80 per cent drop in estimated earnings to just 25 cents a share. Wall Street immediately lopped 27 per cent off the value of its shares, while the entire technology sector went into a nose-dive and dragged the broader equity market down with it.

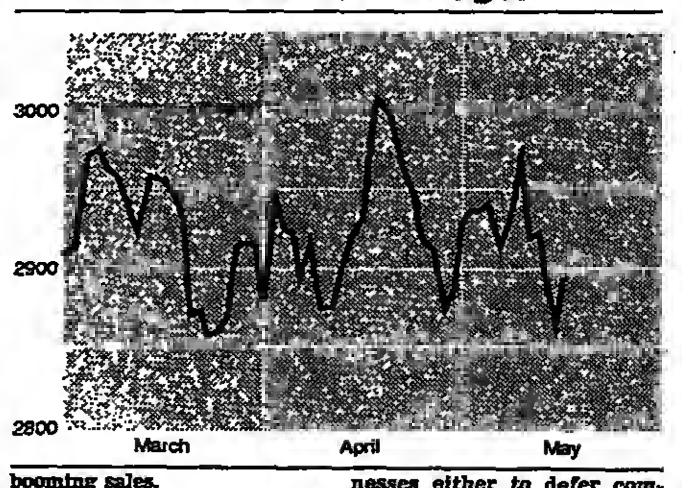
The company's problems reflect industry-wide trends which are expected to affect other personal computer-makers: the US market is soft, the dollar value of foreign earnings is being hit by the rising US currency and Compaq has been hit by a wave of consolidations among the computer dealers who distribute its products. The merger of several dealer chains has meant a pile-up of inventories and a sharp decline in orders.

In an effort to bolster the share price, Compaq announced at its annual meeting on Thursday that it would repurchase up to 12 per cent of its "undervalued" common stock. It tried to reassure shareholders that its problems were temporary, although it acknowledged that excess inventory could hurt earnings well into the third quarter.

Still, behind the inventory blip lies other problems specific to Compaq which could leave a question-mark over the company's earnings for some time. The company, founded in 1982, has grown into $3.6bn-a-year turnover business, with 1990 net income of $455m, thanks to a simple but very successful formula: by building IBM-compatible personal computers with the latest technology it can command a premium price over its rivals.

For years this worked brilliantly as corporations snapped up its products. More recently the pace of technical advance has slowed, reducing the performance advantage of IBM and Compaq machines over much cheaper clones, made by companies such as Dell Computer and AST Research, which are enjoying booming sales.

Dow Jones Industrial Averages



The latter two companies have just been given an additional marketing fillip by a highly publicised survey ranking them first and third respectively for customer satisfaction in small and medium-sized businesses. Apple Computer was number two.

The US recession has accentuated the problems of Compaq (and IBM), forcing businesses either to defer computer purchases or plump for cheaper clones. But both IBM and Compaq have recently responded with some hefty price cuts which, while eating into profit margins, could stop the sales erosion. Compaq's revenues should also get a boost over the next few months through the introduction of several new products. Longer term, it is moving into the office work-station market – one of the fastest growing sectors of the US computer industry.

Still, the computer sector was far from all gloom this week. Hewlett-Packard produced a 25 per cent rise in second quarter net income, thanks to strong foreign sales and cost-cutting. It also reported good demand for a new, extremely cheap work-station which should help boost earnings later this year.

The week also brought a mixed bag of news on the wider economy, underlining the market's uncertainty as to whether the bottom of the recession is near and how strong recovery will be. For example, April housing starts jumped 6.2 per cent, suggesting a modest revival in that market, but building permit figures, the best guide to future construction trends, dropped 3 per cent.

Alan Greenspan, the Federal Reserve chairman, said there were signs that, while the credit crunch was not easing, it had reached its maximum.

But a meeting of some of the nation's top business leaders last weekend painted a pessimistic picture, with many saying they saw no indication of a domestic upturn and signs of a gathering slowdown in exports. They called for more Fed monetary easing.

One of the few bright economic spots is moderating inflation. Figures this week showed consumer prices rising a mere 0.2 per cent in April, suggesting that the country's stubbornly high inflation rate is at last coming under control. The capital markets, however, are not yet convinced, which is one factor keeping the yield on long bonds well above 8 per cent, even though the short-term Fed Funds rate is now down to 5¾ per cent. Another is the huge supply of Government paper hanging over the market after last week's Treasury auction.

High long-term rates and uncertainty over an economic recovery seem a recipe for a drifting equity market for quite a time to come.

Monday	2924.42	+ 4.25
Tuesday	2886.85	– 37.57
Wednesday	2865.38	– 21.47
Thursday	2894.01	+ 28.63

Martin Dickson

The Bottom Line

A need to tackle smaller company shares

A NUMBER of banks are having discussions with the Stock Exchange about improving the market for small company shares, it emerged this week.

Dissatisfaction with the Unlisted Securities Market has grown in recent years because of lack of liquidity and the unwillingness, or inability of companies to raise new finance through the market.

The move by many Third Market companies to the USM after the former's demise last year further tarnished the fading reputation of the junior tier.

The Stock Exchange, which has been criticised for dragging its heels in this matter, is currently discussing various ways to improve liquidity in smaller company shares with a number of market participants.

These have focused on the possibility of introducing some form of order exposure to increase marketability, and on how corporate brokers, who know best where the shares in any particular company are held, could be made to play a greater role in increasing liquidity in the market.

As the smaller company sector struggles to emerge from its gloom, voices are being raised on the urgent need to tackle the fundamental problems that have plagued smaller company shares since the stock market crash in 1987.

From the investor's point of view, the main problem has been there are not enough people willing to trade in smaller company shares. This can in part be ascribed to the "flight to quality" that followed the stock market crash in 1987.

But many professionals say that the lack of liquidity points to more fundamental problems that stem from the structure of the USM itself.

The need to execute trades through market makers and the lack of information on the level of actual or potential buy or sell interest among investors are big causes of illiquidity, they say.

According to the Stock Exchange Quality of Market Review, the percentage touch (the difference between the best buy and sell prices) has gone up from 3 to 9 per cent. Meanwhile, the average spread has widened from 3.8 per cent to 10.5 per cent while the estimated quote size has shrunk from 10,000 to 5,000 shares since pre-October 1987.

The gradual deterioration in the USM as shown by these figures indicates that the market-making system on its own does not adequately meet the trading needs of the smaller company sector, says Granville, the specialist broker, in a recent report.

Small cos indices

		% chg on wk
CSCI	998.3	-1.0
HGSC*	1220.83	-1.0

As of May 16 for CSCI, May 15 for HGSC. * Capital gains version

The market-making system is also off-putting to private investors because of the wide spread, which makes it look like a very expensive trade, says Paul Killik, head of Killik, a specialist broker.

Add to this the fact that many brokers and market-makers are dropping out of the smaller companies sector as they find it increasingly difficult to sponsor and trade profitably in these shares.

Brian Winterflood, head of Winterflood Securities, points out that sometimes there will be only one broker dealing in a particular company's shares, and the researcher who knows about the company will often also be the the market-maker in its shares.

The growth in the number of unit and investment trusts has further reduced liquidity. There are more than 60 funds targetting smaller companies and there needs to be a mechanism whereby they can be made to release stock.

From the point of view of the smaller companies as well, the USM no longer appears to be functioning as the source of capital it was intended to be.

Not a single company has raised funds on the USM since the beginning of the year. "It's quite difficult to see the justification for the USM," says John Houlihan, smaller companies specialist at Hoare Govett.

Those companies on the USM which are ambitious enough, move on to a full listing, while companies wanting to raise funds on the market for the first time appear to be opting to wait the extra year it takes to obtain a full listing.

So what would the specialists propose to do about a market that no longer does what it was meant to do?

More are coming to the conclusion that the USM should be scrapped altogether and replaced by an entirely new market for smaller companies.

Advocates of a new market say that simply discarding the USM label would do much to remove the image of a lowly market for substandard stocks.

Granville suggests going a step further and raising the minimum trading period entry requirement to three years to counter the impression that stocks traded on the smaller company market are inferior to those traded on the main market.

A new market should still be regulated by the Stock Exchange, which would bring credibility and regulatory skills to the market and help to maintain investor confidence in it.

Many professionals believe that setting up a rival market would simply fragment the market and as such would be counter productive.

Another point on which many specialists are agreed is the need to complement the present quote-driven system with an order-driven system.

Increasing the amount of information available on smaller company stocks would also improve liquidity while tax incentives would encourage private investors in particular.

While the risks of recklessly encouraging private investors to buy smaller company shares is widely recognised, it is also agreed that the private sector brings much needed heterogeneity to the smaller company market.

Michiyo Nakamoto

FINANCE & THE FAMILY

Bonds and the private investor

Good advice and a balanced portfolio are essential for dabbling in this sector, says Sara Webb

THE RALLY in global bond markets has provided fixed-income investors with good returns in recent months. Many analysts see scope for further gains – in the US bond market over the short term, and in some European bond markets over the longer term.

What are the attractions for the private investor, and what are the risks?

First, real yields – in other words, the *yield after inflation* – for several world bond markets are at historically high levels, providing investors with the opportunity to obtain relatively high income.

Howard Flight, managing director of Guinness Flight, gives the following projected real yields: Australia 6 per cent; Canada 5.1 per cent; Ireland 6.2 per cent; Italy 7.3 per cent; New Zealand 8.2 per cent; Spain 6.1 per cent; and UK 5.3 per cent.

These show the current redemption yield on a ten-year bond minus the official inflation projection over the next year for that economy. The figures indicate that the UK government bond market is considerably less attractive than some other government bond markets at the moment.

The second important point is that bonds provide scope for capital gains as interest rates come down. Governments worldwide have held interest rates at high levels in order to control inflation. However, in several economies, governments have started to cut interest rates in order to stimulate growth. These cuts have boosted bond prices and provided investors with considerable gains.

Many advisers expect to see further interest rate cuts. Although fixed-incoms analysts see some scope for a further easing of US monetary policy which could lead to a rise in US Treasury bond prices, most believe that there are better opportunities to be had in Europe. For example, both Spain and Italy cut interest rates this week – and are expected to cut rates further in the next few months – and France is expected to follow.

The optimism of analysts should be treated with caution by the small investor, as bonds are risky investments for several reasons.

■ Bond prices can go down as well as up. As interest rates increase, bond prices decrease and vice versa, so avoid bond markets where there is a chance that the Central Bank may raise rates.

■ The other main risk concerns exchange rates. If you are a sterling-based investor and yon invest in foreign bonds, you will gain if the currency appreciates against the pound but lose if it weakens, other things being equal. So you need to take great care when choosing the currency.

Howard Flight points out that a sterling-based investor who wants to buy bonds based in non-EMS currencies is asking for trouble. "The private investor often does not have the opportunity to move around quickly to follow currency trends."

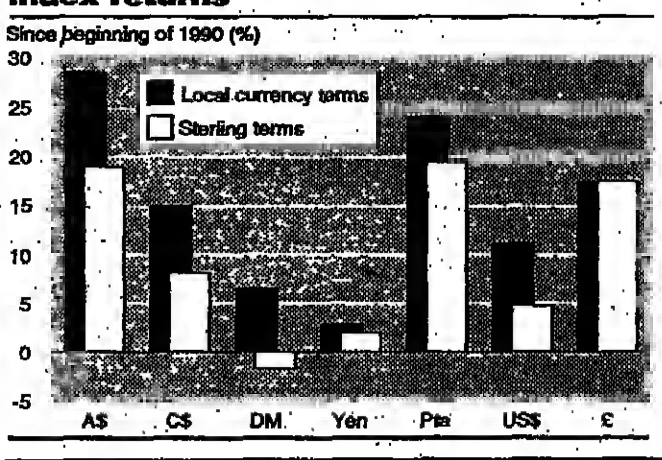
If you want to eliminate the currency risk totally, then stick to sterling-denominated bonds. However, now that sterling is a member of the Exchange Rate Mechanism, the risk if yon invest in other member currencies is reduced.

■ How safe is the bond ? Is the company issuing the bond likely to default? You should check on the rating of the issuer if you are investing in corporate bonds. Even if yon are investing through a fund it is worth asking the fund manager about the ratings of the underlying bonds. Triple A ratings are the best, and you should probably not consider investing unless the issuer has at least a double A rating.

Given the risks, investors should seek professional advice before buying bonds, and should only hold them as part of a balanced portfolio.

JP Morgan government bond index returns

Since beginning of 1990 (%)



How to buy them

THERE are two ways to invest in bonds, either directly or by using a pooled fund.

In order to invest directly, you need to have quite a large amount of money: a lot of brokers are not interested in handling small investments in overseas bonds, and are after that desirable creature, the high net worth individual.

Goldman Sachs, for example, is not interested in buying and selling bonds for a private investor unless you have between $500,000 and $1m to place in a portfolio of bonds. It does not charge a commission, but warn that the bid-offer spread is usually about one-eighth. In other words if you buy the bond for 110 1/8 you would have to sell it for 110.

Hambros, which also handles bond portfolios for private clients, says that private investors would need to have £500,000 to £1m for it to be worth establishing an individual bond portfolio.

However, it might be willing to do transactions of around £15,000 if there was a possibility of further business. Hambros charges no commission on US dollar, Australian dollar, Canadian dollar, New Zealand dollar or Ecu Eurobonds, but does charge safe custody fees of about £250 per £1m nominal stock per 6 months.

You may find that your broker is prepared to buy smaller amounts on your behalf, for example, of US Treasury bonds which are available in small denominations, but it may not be economical because the commission charged is high. UBS Phillips & Drew charges a basic commission of 0.625 per cent on transactions of less than £50,000 with a minimum charge of £50. So for a £1,000 investment in bonds, this would represent a fee equivalent to 5 per cent.

You can buy gilts (UK government bonds) mnch more cheaply if you buy those available on the National Savings register. You can buy these through the Post Office and the cost is £1 for the first £250 investment and 50p for each additional £125. The only disadvantage of using this method is that the list of gilts available is restricted, in other words, available only through a broker.

If you are a small investor, the broker may suggest that you use a managed bond fund. There are several bond funds to choose from but front-end charges are around 4 to 6 per cent as well as an annual management fee.

You can choose either an offshore bond fund which pays income gross and is free to invest in a broader range of bonds, or you can choose an onshore trust where the income is paid net of ACT at 25 per cent.

Shurman savages banks' proposed Code of Conduct

THE high street banks' proposed Code of Conduct received what can only be described as a mauling at the hands of Laurence Shurman, the banking ombudsman, this week.

He characterised it as "in many respects deficient" and warned banks that it would do nothing to raise their low standing in the eyes of their clients.

"Customers do not use banks because they want to, but because they are a necessary evil," he reminded them. Adding force to his words was the fact that he was the guest speaker at a prestigious banking event, the Ernest Sykes Memorial Lecture organised by the Institute of Bankers, the industry's professional body.

The banks put their draft Code forward for comment last winter. It was prompted by the 1989 Jack Report on banking law which suggested that there should be a set of standards for banks' relations with their customers. But Shurman found the proposed code flawed as much in concept as in detail.

The most serious criticism was that it contained no overriding statement of principle, for example by stating that banks have a dnty to act fairly in all the circumstances. The draft was merely a restatement of current practice among banks and was actually weaker in many respects than Jack recommended.

Ideally, the statement of principle would prohibit unfair terms and conditions for services like plastic cards. But while the Draft Code says that card issuers must "provide a fair and balanced view" of the card conditions, it does not actually say that the conditions themselves should be fair.

Shurman provided a whole string of examples where conditions seemed to be tilted in favour of the banks: the minute typeface they use to print conditions, the minimal and confusing way they publicise their rates and charges, their habit of debiting charges to customers' accounts without warning.

He also criticised the banks for making little effort to educate their customers about the difference between cleared and uncleared balances, and said it would be helpful if statemeots provided details of both.

He was particularly sharp about the blurring of banks' duty of confidentiality. The draft Code even waters down the customer's rigbts, he said, hy adding to the exceptions which permit a bank to pass on informstion. One of them is the already much-commented on rigbt claimed by banks to use account information to market non-banking services, like insurance. This should only be done with the customers' express consent, Shurman said.

He noted wryly that banks would probably try to market insurance and investments to well-heeled clients, but would be slow to tell elderly customers that they could earn more interest by shifting their money to another account. The circumstances in which bankers give out references could be much more clearly spelt out as well.

Shurman devoted nearly half his speech to the vexed subject of credit cards. Again, this was an area where the banks were trying to foist unfair conditions on their customers about their liability when cards are lost or stolen, or they cannot remember their identification numbers. He noted that cards were the largest single source of complaints that he received.

Shurman's criticisms - the latest of several from consumer groups - sent tremors through the banking community. A spokesman for Lloyds Bank, which is closely involved in the code drafting, said yesterday: "There are already a lot of positive things being done by the banks which he doesn't seem to give much credence to. He was fairly selective in his examples. But we will obviously pay heed to what he says. We think things are coming along pretty well for a final draft." The banks hope to come up with a fresh version of the draft quite soon, though there have been suggestions that the sheer volume of criticism has made their task much more difficult.

David Lascelles

FINANCE & THE FAMILY

Plans for Taurus charge ahead

David Waller asks what safeguards there are for the small investor in the new scheme to computerise the stock market settlement system

DRAFT regulations for the implementation of Taurus, the paperless stock-market settlement system, were issued by the government this week. Barring complications, such as a Conservative Party defeat at the next election, the long-awaited regulations will replace the current regime in about a year.

The 152-page document was due last year but was delayed because of the subject matter's complexity and because City regulators squabbled over who should be responsible for monitoring the new system. The regulatory problem has been resolved and the document spells how Taurus will work in practice.

John Redwood, minister for corporate affairs, acknowledged the fears of those private investors who are worried about the abolition of share certificates and think that "dematerialisation" – the official word for the process of computerisation – is somehow akin to the disappearance of their interest in a company.

"The Department of Trade and Industry has been careful, in particular, to protect interests of the small investor," he said. "Companies will only join the system if shareholders vote to do so. Investors will still receive contract notes, dividend advice notes and statements of their holdings. In the unlikely event of something going wrong there is substantial compensation."

In practice, it will be difficult for small investors to stop a company dematerialising if the directors want it to. The decision to make the change will have to be passed as a special resolution at an annual general meeting, which requires a 75 per cent majority of all those present. So long as a company can twist the arms of its institutional investors, it is unlikely to have problems getting the resolution through.

Once the change has been made, shareholders will be sent a statement giving his or her unique authorisation code, the number of shares owned and the name and address of the "company controller" which will record the entitlement to the shares. If the investor wants to continue to hold the shares, that is all there is to it.

"A shareholder who wants to sell through a broker will find that arranging the sale will be just as it is today," the document says, "but instead of giving the broker his share certificate and signing a stock transfer form, the shareholder will give the broker the name of his company controller and his authorisation code.

"Buying shares through a broker will be no different from today, except that at the end the shareholder will receive a statement from the controller showing entitlements held to his account instead of share certificate evidencing title to the shares."

On each statement, there will be an identification number. As explained in an article in these pages on March 30, the first half will be a personal number, which will identify the individual shareholder in the system and will be same for every company in which the shareholder has an investment. The second half will identify the particular shareholding and will be different for each company's shares.

Investors will need to quote their authorisation code when placing an order with their stockbroker or other financial adviser. The details of the security measures necessary to prevent fraudulent dealing using other peoples' numbers have yet to be worked out.

The old and new systems will not coexist: once the necessary special resolution has been passed, all shareholders will be dematerialised, whether they like it not. But once the system is in place, there will be no extra costs, as all companies adopting the new system will be obliged to act as company controllers. The draft rules envisage the growth of "commercial controllers" who for a fee will be able to offer a more sophisticated service than the basic company controllers.

The Stock Exchange is adamant that the risks associated with the new system are negligible. But if investors do lose money as a result of the system, there are two lines of defence. In the first instance those institutions participating in Taurus must have insurance or other guarantees. Investors will be further protected by a £100m compensation fund operated by the Stock Exchange, subject to a maximum of £250,000 for any private investor for each default.

There will also be a complaints mechanism. The secretary of state will appoint a complaints commissioner who will investigate, free of charge, any complaints from those claiming to have lost money through the system. It will be possible to refer the commissioner's complaints to the existing Financial Services Tribunal, which will give binding decisions.

The Stock Exchange will be responsible for vetting those who wish to participate in Taurus, and will monitor their technical competence, financial soundness and general fitness and properness for the role. The Stock Exchange will be monitored by the government.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated					
ASD	78*	75	93	22.89	[illegible]
Do. 8% Cnv. Pf.	100*	98	93	12.03	[illegible]
Butler Cox	245*	240	131	14.39	CSC
Cowan de Groot	18§	18	12	4.55	Wilson Group
Cowan de Groot	17*§	18	16	4.29	Bridgend Group
Devenish (JA)	214	233	220	110.12	Boddington
Frogmore Est.	295§	346	349	118.85	Southend Prop.
Harcourt Grp.	e	$8\frac{1}{2}$	6	2.54	Cap. Ventures
Herrburger Brooks	220*§	195	155	2.87	Kimball Intl.◆
Ibex Hldgs.	9	5	10	1.29	Corporate Servs.
Logitek	14§	15	28	2.51	Microvitec
Magnetic Mater'ls	50*§	55	43	9.17	TT Group
Memec‡	270◆	286	282	74.81	Raab Karcher UK
Quotient	199§§	184	118	27.25	ACT◆
Radio City	385*	378	285	10.01	EMAP
Robertson Grp.	$92\frac{1}{2}$	92	82	47.52	Simon Eng.
TMD Advtng.	351	338	247	31.25	Aegis Grp.
Tootal‡	84.37§§	$86\frac{1}{2}$	65	245.83	Coats Viyella

*All cash offer.††Cash alternative. §For capital not already held.‡‡Unconditional.**Based on 2.30pm prices 17/5/91. †At suspension §§Shares and Cash.◆ In cash, or loan notes payable in 5 yrs; or 230p in cash or loan notes with further 130p cash or loan notes in 1994. ♦ Already controls 71%. ◆ Already owns 13.1%

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
ACT	March	12,710	(8,030)	9.5	(7.07)	3.75	(2.26)
Allied Irish Bk◆	March	178,800	(237,300)	15.2	(25.0)	7.75	(7.36)
Allied-Lyons	March	479,000	(585,000)	37.6	(47.7)	18.8	(18.9)
Allied Partners.	Dec	8,200	(2,400)	3.2	(6.2)	1.5	(2.0)
Appleby	Feb	2,060	(2,040)	25.8	(23.9)	8.5	(8.0)
Arygll Group	March	290,800	(227,500)	22.1	(17.2)	8.7	(7.25)
Bank of Ireland◆	March	53,500	(134,200)	6.8	(28.2)	11.0	(11.0)
Barls Holdings	Feb	2,230	(1,640)	20.2	(16.3)	6.6	(3.75)
Bisichi Mining	Dec	137	(166)	1.01	(1.16)	0.8	(0.56)
BMSS	Jan	1,020	(1,730)	11.3	(16.2)	4.7	(4.37)
British Inv. Tst	March	23,300	(23,600)	26.7	(22.8)	22.5	(21.5)
Cambridge Group	Feb	4,530◆	(3,020)◆	8.25	(4.57)	0.9	(0.27)
Drayton English	March	3,850	(3,440)	3.16	(3.03)	3.2	(3.0)
Elliott (B)	March	6,520	(7,630)	7.8	(12.0)	-	(-)
F&C Germany Inv.	March	1,240	(3,670)	0.76	(4.8)	0.2	(-)
Fine Art Devs.	March	26,600	(25,700)	22.9	(22.1)	9.8	(8.9)
Fitwilton ◆	Dec	11,700	(12,100)	7.9	(11.2)	3.5	(3.5)
Hartlepools	March	960	(160)	86.0	(-)		
Hartstone	March	7,360	(3,220)	18.8	(12.0)	3.25	(2.0)
Jackson Group	Dec	827	(3,300)	3.2	(9.8)	3.2	(3.2)
Jermyn Inv.	Dec	288	(1,690)	3.51	(50.6)	3.0	(3.0)
London & Assoc.	Dec	848	(841)	1.44	(1.30)	0.5	(0.46)
LWT (Holdings)	Dec	20,750	(45,030)	13.0	(25.3)	-	(-)
Marks & Spencer	March	615,500	(603,430)	15.1	(14.5)	6.7	(6.4)
Palma Group	Jan	2,000 L	(246)	-	(-)	-	(-)
Parkland Textile	March	3,600L	(2,040)	43.3	(23.8)	2.6	(6.7)
Power Corp.	Dec	15,590◆	(10,260)◆	10.5	(8.65)	5.76	(5.4)
Radamec	Dec	396	(339)	-	(-)	-	-
RIt Capital Part	March	10,200	(12,300)	3.53	(4.18)	2.44	(2.64)
Sainsbury's (J)	March	518,200	(451,400)	21.9	(18.3)	7.35	(6.1)
Seafield	Dec	11,460L	(3,410)	-	(-)	-	-
Smith (James)Est	March	1,160	(1,140)	5.0	(5.07)	3.3	(3.0)
Time Products	Jan	9,400	(15,120)	12.1	(20.5)	7.25	(7.0)
TV-am	Jan	28,000	(24,040)	24.9	(23.1)	14.0	(10.0)
Warner Howard	Feb	5,140	(4,670)	15.6	(13.5)	5.2	(4.5)
Yorklyde	Jan	1,820	(2,470)	25.2	(32.5)	9.7	(9.7)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Alexanders Holdings	March	207	(707)	1.0	(1.0)
Apollo Metals	March	969	(1,190)	1.15	(1.0)
Ashley Group	Feb	8,010	(5,470)	0.75	(0.62)
Avon Rubber	March	3,580	(4,840)	5.0	(5.0)
Boc	March	150,200	(170,100)	10.2	(9.5)
Concentric	March	2,020	(4,450)	3.54	(3.37)
Countryside Property	March	3,080	(4,000)	1.41	(1.41)
Cronite Group	March	2,200 L	(781)	-	(-)
Diploma	March	8,300	(8,900)	2.25	(2.25)
Ensign Trust	March	58 L	(75)	0.3	(0.3)
Euromoney	March	3,260	(3,380)	6.5	(6.5)
General Accident ■	March	75,100	(81,500)	-	(-)
Grand Metropolitan	March	377,00	(409,00)	8.4	(7.6)
Greenall Whitley	March	24,140	(23,740)	4.4	(4.0)
Hanson	March	588,000	(670,000)=	3.15	(3.0)
Huntingdon Int.	March	3,220	(3,160)	0.87	(-)
Leeds Group	March	1,870	(1,800)	3.0	(3.0)
McLeod Russell	March	1,960	(4,560)	2.75	(2.75)
Radio Clyde	March	700	(1,200)	3.25	(3.25)
Richards	March	495	(1,700)	1.07	(1.07)
Royal Insurance ■	March	63,000L	(79,000)	-	-
Sanderson Elec.	March	1,500	(1,780)	8.7	(-)
Thomkinsons	March	491	(1,030)	3.5	(3.5)
Vaux Group	March	13,110	(14,120)	3.1	(2.98)
Ultramar	March	2,300	(18,200)	-	(-)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss. ◆ = Irish currency ■ = First quarter results = = figures for 13 months.

RIGHTS ISSUES

Argyll Group is to raise £387m via 1-for-6 rights issue 250p.
Fairway is to raise £6m via 1-for-1 rights issue at 44p
Granada is to raise £163m via 1-for-3 rights issue at 140p.
London & Associates is to raise 5.7m via 5-for-8 rights issue at 20p.
Mowat Group is to raise £10m via 1-for-1 rights issue at 11p
Westminster Scaffolding is to raise £3.54m via 3-for-2 rights issue at 25p.

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Airflow Streamlines	Thursday	2.00	4.00	2.00
Allied Provencial Securities	Thursday	-	-	-
Alpine Group	Thursday	-	-	-
Associated British Foods	Monday	3.30	7.70	3.70
Bio-Isolates (Holdings)	Thursday	-	-	-
Blacks Leisure Group	Wednesday	0.05	-	1.00
Brent Walker	Monday	5.00	-	-
British Airways	Tuesday	2.80	0.05	2.80
British & American Film Hlds	Tuesday	2.65	5.65	3.00
British Telecommunications	Thursday	4.65	7.15	5.25
Castings	Friday	2.20	4.80	1.20
Central Ind. Television	Friday	7.60	-	-
Chamberlin & Hill	Wednesday	1.75	4.00	1.75
Comac Group	Tuesday	-	-	-
Cook (William)	Tuesday	4.50	8.00	5.00
Courtaulds	Wednesday	3.10	8.00	3.40
Donelon Tyson	Friday	-	-	-
Foster (John) & Son	Wednesday	1.75	3.75	-
Gerard & National Holdings	Thursday	3.00	15.00	6.00
Goldsmith Group	Monday	-	1.40	1.60
Halls Homes & Gardens	Monday	1.00	-	-
Land Securities	Wednesday	4.75	12.25	5.50
Linton Park	Friday	2.60	-	-
Mezzanine Capital & Inc. Tst	Friday	7.00	7.50	7.00
NEC Corporation	Friday	-	-	-
Plysu	Wednesday	1.00	2.50	1.35
Prowting	Monday	1.70	3.30	1.70
Readicut International	Tuesday	0.63	2.51	0.63
Shires Investment	Tuesday	3.90	5.50	4.10
Storehouse	Thursday	2.50	2.50	2.50
Thames Television	Thursday	5.15	6.85	-
Trimoco	Thursday	0.60	0.60	0.60
Westbury	Thursday	3.25	5.75	3.25
Whitbread	Thursday	3.80	11.00	4.30
Yasuda Trusts & Banking Group	Friday	-	-	-
York Waterworks	Wednesday	2.00	-	4.00
Yorkshire Water	Thursday	-	10.28	5.90
Young & Co Brewery	Thursday	5.50	8.00	6.00
INTERIM DIVIDENDS				
Acatos & Hutcheson	Thursday	1.75	1.75	-
Albion	Wednesday	1.40	1.80	-
Archer(A.J) Holdings	Thursday	3.16	5.25	-
Baggeridge Brick	Wednesday	0.75	2.37	-
Bass	Wednesday	9.00	23.40	-
Bat Industries ◆	Wednesday	10.70	10.40	-
Commercial Union	Wednesday	9.00	14.00	-
Compass Group	Tuesday	3.45	6.90	-
Dobson Park Industries	Thursday	1.00	3.65	-
Esselte AB ◆	Wednesday	-	-	-
Fairline Boats	Tuesday	7.15	18.85	-
F & C Eurotrust	Monday	-	-	-
Ferry Pickering Group	Wednesday	2.10	3.10	-
Fleming High Income Trust	Wednesday	1.30	1.35	1.45
Morland	Thursday	1.97	4.48	-
New Zealand Investment Trust	Tuesday	1.00	-	0.75
Ranks Hovis McDougall	Wednesday	3.82	8.82	-
Sedgwick Group ◆	Monday	4.00	8.00	-
Shaftesbury	Thursday	-	-	-
Thornton (GW) Holdings	Thursday	2.00	2.75	-
Tunstall Group	Tuesday	2.00	3.00	-
Turkey Trust	Thursday	-	-	-
Warner Estate Holdings	Thursday	3.00	6.00	-
Western Selection	Friday	1.00	-	-
Whessoe	Tuesday	1.75	4.50	-
Wolverhampton & Dudley Brew.	Friday	3.70	5.80	-
Yorkshire Television	Tuesday	3.30	8.70	-
Young (H) Holdings	Tuesday	2.00	4.00	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. ◆ = 1st quarter figures.

Don't bank on this

Max Wilkinson on why home banking is still in the steam age

ONLY A few decades ago, experts were saying that colour television would never take off. Doubtless some are predicting now that full colour banking will not become mass entertainment.

Having sampled the first small screen bank in its tasteful blues and greens and grey with splashes of brick red, I am not so sure.

When I first tried the Bank of Scotland's armchair system last year, it was, in comparison with the possibilities of modern technology, a poorish thing. It aimed modestly to display bank statements and balances on a home television set and to allow subscribers to make transactions using a simple key pad. The television set is linked via a special adaptor and the telephone line direct to the Home and Office Banking Service (HOBS) computer.

For a charge of £3 per month, the subscriber, may call up his bank at any time before 11pm, check statements, transfer funds between different accounts, or instruct the computer to pay bills to pre-selected accounts.

HOBS is the first to offer this service, but is greatly limited by the fact that it is designed to work on a low definition home television set and to be operated by a simple numerical keypad.

It is possible to dial up HOBS from a home computer with a modem, but the limitations of the system then become painfully apparent. Only a small portion of the computer screen displays useful information, because the system is designed for a much fuzzier television display; and the computer keyboard cannot be used to talk fluently to HOBS, because the system recognises only limited numerical commands.

Now Quest Associates has developed a special programme called Q-Comm intended to bridge the gap. It enables an IBM-compatible personal computer (with modem) to dial up the bank at the press of a few keys, collect statements and balances, rearrange them into a more convenient form and even to prepare bank balances for analysis by a spreadsheet programme. The colours, on a high definition screen, are delightful.

Unfortunately, there are snags. My first attempt to run the programme on a small portable at home (Toshiba T1000) was a failure. Assuming that the programme was corrupt, I asked for a replacement, which also failed. After much wasted time, I discovered that Q-Comm works only on later versions of the IBM operating system than that installed in my machine, although the manual did not warn of this.

So potential users should first check that their machine is being operated by MSDOS version 3 (or later) and not, as in the case of older machines such as the T1000, version 2.1. On one of the *Weekend FT's* more modern machines, it worked first time and in colour.

You need the manual to discover how to load the programme and the initial password, but once it is running clear prompts on the screen make it fairly idiot-proof and quite fun.

It does what it claims, and might be useful to a small business with several accounts, especially if it wanted to check statements and balances each day. This can be done automatically, while you are doing something else. The information is stored in the home computer and can be viewed later.

Even so, Q-Comm does no more than put a saloon car body around a motor cycle engine. The speed and response pattern of HOBS remains primitive, locked into the design for home viewing on a television set.

So, instead of swooping directly to the figures you want, Q-Comm calls up screen after screen of questions, to which it gives automatic answers, each opening a door to a chamber slightly nearer to the one you want. At 15 seconds per screenful of useless information, this soon mounts up. I needed 7¾ minutes to call up all my account information and 3½ minutes for one day's accounts.

Although this laborious ascent of a tree of question and answers is automatic, it is irritating to be paying telephone charges for such a cumbersome process.

I was also irritated that the programme requires a user to type in an eight-digit account number as well as a password to gain access to an account. All banks must worry about security, but this seems unnecessarily nannyish. If one can obtain cash out of a slot machine with only a four digit password, it seems excessive to require HOBS users to enter 12 just to inspect their bank statement. In practice, many users will write the number down in a handy place near the machine, thus nullifying the security.

My verdict remains that computerised home banking is still in the steam age. HOBS has not solved the problem of serving two markets at once – offering extreme simplicity to the mums and dads in their living room, combined with the greater speed and sophistication potentially available to subscribers with their own computer.

When computerised banking moves into the jet age, many more armchair transactions will doubtless become possible, such as: buying government bonds, equities or unit trusts; switching currencies; checking out mortgages and insurance details. But do not rush for tickets on the bandwagon: HOBS is still stoking up.

Beating their rivals

Philip Coggan on general UK growth funds

THE UK Growth sector is spotlighted in the latest of Fund Research's studies of the fund management industry. Having already covered the smaller companies and special situations categories, the report focuses on the General Growth trusts, which tend to concentrate on blue chip stocks.

The report shows that general growth funds have outperformed smaller companies and special situations/recovery funds over three and five years. However, over both ten and 15 years, special situations/recovery funds are ahead.

Fund Research also concludes that so-called "indexed" funds, which attempt to match the performance of stock market indices such as the FT-SE 100, have performed well. Only 13 per cent of normal UK general funds have beaten the FT-A All-Share Index over three years; and only 26 per cent over five years. Those indexed funds so far established have matched the index fairly closely.

The report gives its highest ratings to six funds – two from Schroder and one each from Capability, Gartmore, M & G and New Court.

Both the Schroder's funds – UK Equity and Enterprise – are managed by James Cox. The former is run on a conservative basis, with a low turnover of holdings. Over the five years to April 1, it produced growth of 71.2 per cent compared with an average of 50.7 per cent for the sector.

The Schroder Enterprise fund, launched only in July 1988, is managed on a more aggressive basis than the UK equity fund, with a greater concentration in particular sectors and stocks. It rose 57.2 per cent between launch and April 1, and was top of its sector over that period.

Capability Growth is managed by Capel-Cure Myers Capital Management, the stable which also runs the successful Key Income and Capability Special Situations funds. Fund Research describes the growth fund as "relatively small and well-managed, investing largely in FT-SE stocks".

Gartmore British Growth Trust was formed from the merger of two previous Gartmore funds (Capital Growth and British) in January 1987. It has risen 46.4 per cent between the merger and April 1, compared with a sector rise of 30 per cent over the same period.

M & G General Trust is the oldest unit trust of all, founded in 1931; it also has, unusually, a manager, John Allard, who has run the fund for 13 years. As a result, it is a relatively large trust (£325m as of April 1), but its size has not stopped it from outperforming the sector over the last five years

New Court Major UK Companies, managed by N M Rothschild, was launched in July 1986. It has risen 72.7 per cent since launch, slightly below the sector average but Fund Research says it is managed "in a disciplined and highly effective manner".

How to pick an international trust

TAIWANESE smaller company funds are all very well, but the average unit trust investor is probably better off picking a general international trust when first venturing overseas.

International trust managers can choose from across the range of world stock markets – and are accordingly not overexposed to the risk of one particular market crashing. The tendency is accordingly to produce a middle-of-the range performance.

The international growth sector has been 12th out of 22 unit trust sectors over the last two years; fifth out of 21 over three years; 12th out of 21 over five years; 13th out of 20 over seven years; and 11th out of 19 sectors over 10 years.

However, the sector's two best performing over 10 years – Bishopsgate International and Bishopsgate Progressive – have records to beat the vast majority of unit trusts. Both are managed by Nils Taube and take a stock-picking approach, avoiding esoteric markets.

A good long-term performance can of course hide a much poorer performance over the short term. The Merlin Jupiter fund, in fourth place over 10 years, is 134th out of 143 funds over two years. Conversely, a good short-term performance could easily be a flash in the pan.

Consistency is very important. Only four funds in the sector have displayed above average performance over one, two, three, five, seven and ten years – Bishopsgate International, Hill Samuel International, Martin Currie International and TSB International. Of these, the TSB fund is by far the largest with £376m in the trust as of May 1.

The shorter term figures show the diverse nature of this sector with a medical and emerging markets fund in the top two places. There are also environmental, ethical and technology funds in this sector.

Top international trusts over 3 years

Fund	% growth
Medical Inv Health	84.6
Prosperity Em Mkts	77.6
TR Global Tech	75.8
B of Irld Wld Opps	74.9
Scot Equit Tech	62.2

Source: Finstat. Offer to bid with income reinvested over 3 years to May 1

Top international trusts over 10 years

Fund	% growth
Bishpsgate Int	625.8
Bishopsgate Prog	565.2
Martin Curr Int Gth	432.5
Merlin Jup Int Gth	353.1
Perpetual Int Gth	314.6

Source: Finstat. Offer-to-bid, with income reinvested, over 10 years.

For the fledgling investor, however, it is the more general trust that will be appropriate – one which invests a bit in Japan, a bit in the US and a bit in Europe. There are now 171 funds in the sector, and most leading fund managers will have at least one trust in this category.

Those interested in income may be tempted by the international equity income sector, but the average yield of 4.6 per cent is not that appealing: The investment performance – the 11 funds with a five-year record have produced an average return of just 30 per cent – is unimpressive. As a sector, it is 14th out of 20 over both five and seven years.

Most of the funds in the international balanced sector – where trusts can move into bonds as well as shares – are very new. However, there is one strong long term performer – Gartmore Income & Growth, which has grown by 390.9 per cent over ten years.

When picking an international trust, the golden rule, as with other sectors, is not be swayed into buying a fund because it has done well over one year, or even one month. Good consistent long term performance is the guide. A reasonable sized fund – at least £10m is important – if the manager is to achieve any diversification at all.

THE BEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/term	Minimum deposit	Rate %	Int. paid
INVESTMENT A/C's and BONDS (Gross)						
Southdown BS	SuperSaver	0273 471671	Instant	£1	13.00%	Yly
Cheltenham & Gloucester BS	London Share	0452 372372	Instant	£2,500	12.75%	Yly
National Counties BS	90 Day A/C	0372 742211	90 Day	£25,000	13.35%	Yly
Lambeth BS	2 Yr Term Share	071 928 1331	2 Year	£500	13.40%	Yly
Skipton BS	Optimum Bond	0756 700500	1.3.93	£5,000	15.00%	Yly
TESSAs (Tax Free)						
Exeter Bank		0392 50635	5 Year	£250	14.25%	Qly
Firstdirect		0800 222 000	5 Year	100/10pm	14.50%	Yly
Lambeth BS		071 928 1331	5 Year	£20	14.75%	Yly
National Counties BS		0372 742211	5 Year	£3,000	15.00%	Yly
HIGH INTEREST CHEQUE A/Cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	11.50%	Yly
UDT	Capital Plus	0734 580411	Instant	£1,000	11.60%	Qly
Chelsea BS	Classic	0242 521391	Instant	£10,000	12.30%	Yly
	(Postal A/C)			£25,000	12.80%	Yly
Northern Rock BS	Current A/C	091 285 7191	Instant	£25,000	12.28%	Mly
OFFSHORE ACCOUNTS (Gross)						
C & G Channel Islands Ltd	Guernsey Gold	0800 272383	Instant	£10,000	11.80%	Yly
Nat & Prov (Douglas) Ltd	Independent Res	0624 662828	Instant	£100,000	12.90%	Yly
Yorkshire BS Guernsey	Offshore Key	0481 719898	90 Day	£50,000	12.85%	Yly
Bristol & West Int Ltd	International Bd	0481 720609	1.7.92	£5,000	13.00%	OM
GUARANTEED INCOME BONDS (Net)						
Canada Life FN		0707 51122	1 Year	£50,000	9.45%	Yly
CCL Assurance FN		061 752 0200	2 Year	£5,000	9.40%	Yly
Financial Assurance FN		081 367 6000	3 Year	£5,000	9.20%	Yly
Consolidated Life FN		081 940 8343	4 Year	£2,000	9.25%	Yly
Liberty Life FN		081 440 8210	5 Year	£25,000	9.60%	Yly
NAT SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£5	12.25%	Yly
	11.0% from 21 May					
	Income Bonds		3 Month	£2,000	13.00%	Mly
	11.75% from 20 Jn					
	Capital Bonds C		5 Year	£100	11.50%	OM
NAT SAVINGS CERTIFICATES (Tax Free)						
	36th Issue		5 Year	£25	5.5%F	OM
	5th Index Linked		5 Year	£25	4.50% +Infln	OM

All rates (except Guaranteed Income Bonds) are shown Gross
* – Gross Equivalent Rate. Fixed – Fixed Rate (All other rates are variable. OM = Interest paid on maturity. N – Net Rate. B – Bond
Source: Moneyfacts. The Monthly Guide to Investment and Mortgage Rates, Walsham House, Stalham, Norwich.

Savers still complain

CASE BOOK

SAVERS with the Nationwide Anglia building society continue to complain that they are not receiving a fair deal, in spite of the society's highly publicised cut in mortgage rates.

Nationwide's Platinum bond, started in 1990, offered high interest rates in return for low flexibility. For a minimum investment of £25,000, investors were promised a rate of at least 5 per cent more than the society's variable share rate.

In January 1990, this stood at 13 per cent. Now it pays 8.85 per cent. Investors must leave the minimum £25,000 in the society until their two years are up. Amounts in excess of this can be withdrawn, with the penalty of a loss of 90 days' interest.

Investors' ire has been aroused by the fact that new bonds have been launched at higher interest rates. Holders of the old bonds have not been given the option to move their funds into the new bonds, an option allowed at other building societies, such as the Bristol & West.

The Nationwide also failed to tell its customers about the cuts in interest rates offered. The society says it only guarantees a rate of interest on bonds in return for a promise by the consumer to keep their funds in place.

John Authers

The Week Ahead

ANALYSTS expect British Airways to report on Tuesday sharply lower earnings for its financial year ending last March reflecting the severe slump in air travel caused by the Gulf war during the first few months of this year.

The City is expecting pre-tax profits of around £150m to £160m, compared with profits of £345m for the previous financial year ending March 1990.

The airline is expected to show particularly heavy losses in the final quarter of its latest financial year. This has raised the question in the City of whether BA will maintain its final dividend.

The market will also be looking on Tuesday for any new indications from BA on the timing of a recovery in traffic growth following the Gulf war and recession-led slump.

British Telecom is expected to report on Thursday an increase in taxable profits from £2.6bn to more than £3bn for the year-ended March. If not exactly recession proof the company will show that it can weather a downturn in the economy.

Interim results from Bass, the brewer and international hotels operator, on Wednesday will reflect the effects of the Gulf war and recession.

After two recent warnings from the company of tough trading conditions, analysts forecast a 15 per cent decline in first half profits to between £205m and £210m.

Associated British Foods, the milling and baking group which in January paid £880m to acquire British Sugar, is expected to announce pre-tax profits of about £310m, against £283.8m last time, when it unveils its results for the year to end-March on Monday.

Expatriates/Donald Elkin

Uneasy thoughts from home

THESE ARE worrying times for expatriates planning to return to the UK. A general election looks likely this year, and, given the Conservatives' performance in the local government elections, the return of a Labour administration looks increasingly likely.

For many expatriates, particularly those returning to the UK to retire, a Labour government could mean larger tax bills. As Labour's recently issued manifesto – Labour's Better Way for the 1990s – makes clear, top rates of tax would be raised again, although not to the confiscatory levels of earlier years. Changes would be gradual in order to avoid disrupting family and business budgets.

The manifesto is short on details, but the outline of what is intended is clear. It says that people start paying tax at too low a level and at too high a rate. To counter this it plans to adjust personal allowances (including freezing the married couples' allowance and sharing it equally between the parties), move towards a starting rate of less than 20 per cent, and introduce a series of tax bands ending at a top rate of 50 per cent.

National Insurance contributions would be adjusted too. At the moment, employees pay at a rate of 9 per cent (7 per cent for those contracted out by right of membership of a private pension scheme) on earnings between £2,704 and £20,280 a year. This ceiling is to be eliminated, increasing the total top rate of tax to 59 per cent.

The 9 per cent charge would apply to investment income as well and, on the basis of previous statements, capital gains in excess of £3,000 per annum. However, the manifesto indicates that "all the income of retirement pensioners should be exempt from this charge." Presumably this relates to the current retirement ages of 65 for men and 60 for women.

A further change would ensure that, as in the recent amendment relating to mortgage interest, tax reliefs are no longer available at marginal rates of tax, thus equalising the benefit for all taxpayers, whatever their income.

For example, if the personal allowance was £4,000, the value in tax reduction under the current system would be £1,000 for a 25 per cent taxpayer and £1,600 for a 40 per cent taxpayer. Reducing everyone's tax bill by £1,000 (rather than reducing assessable income as is currently the case) would therefore produce the desired result. The marriage allowance under the same system would be worth £430 (£1,720 at 25 per cent).

In addition, a ceiling would be introduced on the value of allowances, either by setting a cash limit or by providing that the rate of tax paid cannot be reduced below a minimum level. This is to ensure "that the richest can no longer reduce their tax bills to well below the level paid by ordinary people."

Presumably this limitation would encompass not just personal allowances but pension contributions, mortgage interest, personal equity plans (PEPs), tax exempt special savings accounts (TESSAs), Business Expansion Schemes (BES) and perhaps also losses brought forward from earlier years. Where, one wonders, would the 5 per cent "tax free" drawings from single premium bonds stand?

Neil Kinnock indicated that no individual earning less than £20,000 a year would be worse off. However, these proposals could be very bad news for those returning to the UK after a lifetime's work in a country where the retirement age is below that in the UK – frequently 56 or less.

At first sight, those whose retirement benefits typically are in the form of a lump sum (rather than a pension) could be harder hit than most by the 9 per cent surcharge. Closer examination suggests that this is not necessarily so, although expatriates may need to take precautions.

If you are married you have the advantage of being able to limit the damage, by splitting your capital and, hence, the income arising from it. Therefore, you could receive up to £40,000 a year between you and still keep within the £20,000 per annum limit.

Let us assume that under the new proposals the following rates and allowances are introduced:

■ The personal allowance available to every individual in terms of tax reduction is £1,000 (as explained above).

■ The marriage allowance available to every married person is £215.

■ The tax bands are £3,000 at 15 per cent, £6,000 at 20 per cent, £9,000 at 30 per cent, £11,000 at 40 per cent and the balance at 50 per cent.

■ Capital gains are taxed as income.

■ The National Insurance rate remains at 9 per cent.

These figures are speculative but they would result in a UK employee earning £20,000 a year having the same tax liability as now.

Consider the case of Mr and Mrs Joe Expat who return to the UK with £500,000 which they invest equally between them to produce an income of £30,000 per annum and average capital gains of £6,000. Currently, they would pay tax of £5,422 on the income (a modest 18 per cent) and nothing on the capital gains.

On the assumptions made above, their total liebility would be £8,970 per annum (29.9 per cent of their income) while Joe and his wife remain below the normal retirement age. Thereafter, the National Insurance surcharge would fall away and the tax bill would become £6,270 a year – 20.9 per cent of their income.

The situation would be very different if Joe were not married. The liability which be would face on a return to the UK now of £7,327 (24.4 per cent) would riee to £12,090 per annum (40.3 per cent) initially, falling to £9,120 per annum (30.4 per cent) when he reached retirement age.

What happens to those expatriates who retire in the UK and receive their major benefits in the form of pension?

Alan Expat retires with a pension of £30,000, sharing investment income of £4,000 per annum and capital gains of £2,000 per annum equally with his wife. Currently, Alan would pay tax of £6,039 per annum (18.9 per cent) on his income and nothing on his capital gains. His wife would be exempt.

Under the asenmed new arrangements, Alan would have a "basic" liebility of £8,785 per annum. But what of the 9 per cent surcharge? Since the manifesto is firm thet earned and investment income must be treated alike, he would presumably have to pay.

If so, his liability until retirement age would increase to £11,485. Since his wife would pay nothing, their overall liabilities would become 33.8 per cent before retirement and 25.8 per cent afterwards.

The manifesto's proposals are pretty much in line with the previously published Labour Party policy review for the 1990s "Meet the challenge, make the change." However, that document makes a number of important points which the manifesto does not repeat. Whether that is for reasons of space or because they are no longer policy is not clear.

For example, the document promises a "major crackdown on tax loopholes so that we can reduce the share of tax carried by the ordinary taxpayer." Tax havens are singled out in this respect and the proposal is to undertake a major review of the subject so as "to tighten existing anti-avoidance legislation as well as looking et a range of other ways of removing the tax privilege enjoyed in tax havens at the expense of the ordinary taxpayer."

It is also indicated that proposals will be introduced to secure the effective taxation of wealth by the introduction of "more effective and progressive taxation of inheritances including lifetime gifts."

The language of the manifesto is more moderate than in times gone by. Nevertheless, financially successful expatriates have reason to feel uneasy.

■ *Donald Elkin is a director of Wilfred T Fry of Worthing.*

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Shares	Value	No of directors
SALES			
Alumasc	150,000	391	1
Bodycote Intl	10,000	26	1
Brent Chemicals	7,500	12	1
EBC Group	14,000	19	1
F & C E'prise Trust	120,000	99	1
Guinness	45,612	419	1*
Kingfisher	984,955	4,840	3*
Photo-Me Intl	255,810	568	1
Prop Sec Inv Trust	141,175	176	1*
Reckitt & Coleman	1,099	17	1
Sege	7,500	18	1
Shiloh	47,809	38	2
Steel Burrill Jones	50,000	145	1*
Sun Alliance	154,508	599	1*
Wensum Group	300,000	218	3
Wood (John D)	180,000	134	2
PURCHASES			
Haggas (John)	21,000	12	1
Multitone E'tronics	60,000	37	2
Owen & Robinson CP	33,000	24	2
Peel Holdings	13,200	18	2
Photo-Me Intl	255,810	568	1
Sphere Inv Tst Zero	229,770	150	1

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 6-10 May 1991.
Source: Directus Ltd, Edinburgh

DIRECTORS OF investment trusts tend to have a broad perspective of both markets and economies around the world. It is interesting to note that month after month they are substantial net buyers of shares, even after the discount-to-net-asset-value has narrowed, with a ratio of almost four purchases to one sale over the last four months.

Two directors at John D Wood, the commercial and residential estate agents, have reduced their holdings. Messrs Pope and Lewis sold a total of 180,000 shares at a price around 80p. George Pope had purchased stock in August last year et 50p.

The three executive directors at the clothing manufacturer Wensum sold 100,000 shares each at 73p. The shares had previously risen sharply after better-than-expected finel results.

Buying by two directors at Multitone Electronics follows a purchase in March by chairman and chief executive Ian Karten, just after the company issued a warning on the level of orders. The two most recent purchases were executed just prior to the close period.

Angus Macdonald,
Directus Ltd

Merging small stakes

MANY readers have written with specific queries about small shareholdings acquired in the privatisations of the electricity distribution and generating companies, following our recent article on how to transfer shares to family or friends.

After pnblic complaints about the way that incentives in previous issues were lost as a result of transfers, the conditions for recent issues have been liberalised. The following questions-and-answers thus apply specifically to the electricity companies; for earlier issues, check with the registrar before transferring.

Q. My wife, my son and I were each allotted 100 shares in our regional electricity company. Since these individual holdings are so minuscule my wife and I are intending to give our shares to our son. What procedures do we have to follow to get all 300 shares registered in his name?

A. You and your wife will need to complete stock transfer forms in favour of your son (the statement in our previous article that you could transfer by simply signing the back of the interim certificate mistakenly assumed that the same procedures applied as in earlier privatisations). Complete the back of the transfer forms to indicate that the transfers fall within category L (gifts) and are therefore exempt from stamp duty. Then send the forms, your certificates (and your son's certificate) and the consolidation fee to the company's registrars with a covering letter asking for all three holdings to be consolidated into your son's name.

Q. You mentioned a fee. How much will that be?

A. It depends on which bank is your local company's registrar. NatWest charge £6.50, Barclays £15 and Lloyds £17.25. This is a flat charge for consolidating up to 10 certificates (or any number with Lloyds).

Q. That fee is going to take a chunk out of what is not a very big profit. Is there any way of avoiding it?

A. Only by not consolidating. If you and your wife transfer your shares to your son but do not consolidate, he will still hold the 300 shares but with three separate entries in the share register. Although this will mean three certificates, the registrars assure us that your son will only receive one dividend cheque covering his full 300 share entitlement. The only other fee-free solution is to "amalgamate" rather than consolidate (see below).

Q. We all registered for customer incentives. Will my wife and I be able to pass on our entitlements to our son?

A. No, the incentives on your and your wife's shares will be lost.

Q. Fees payable, incentives down the drain! The costs of this exercise are becoming prohibitive. Is there no cheaper way of tidying up our family holdings?

A. Well, perhaps. You might like to consider amalgamating your shareholdings, in other words registering all 300 shares in the joint names of your wife, your son and yourself rather than in your son's sole name. Putting shares into additional names is one of the rare occasions when you can make a change in ownership without forfeiting the incentive entitlement. (The only other exceptions are on the death of the shareholder, when putting the shares into a personal equity plan, or on transferring from a nominee to the true owner or from joint names to a single name.) Furthermore, none of the registrars charges a fee for amalgamation.

Q. So how do we go about amalgamating?

A. It is a two-stage process. First, you need to write to the registrar asking him to transfer your shares into the three joint names – and your wife and son need to do likewise. Enclose the interim share certificates and signed stock transfer forms. Each of you will also need to complete a special certificate – obtainable from the registrar – to claim continuation of the incentives.

Once this stage has been completed, the registrar will merge all three holdings and send you one certificate in joint names for the full 300 shares. The maximum number of named holders is four.

Q. You said that shares can be transferred from joint names to a single name without extinguishing incentives. Does this mean that, later, my wife and I could get our names removed leaving our son as the sole shareholder?

A. It seems too good to be true – e way of achieving your original objective but with no fee and no loss of incentives. In theory, it works. In practice, the determining factor is likely to be which registrar you are up against. Barclays sees no problems but NatWest takes a more jaundiced view and threatens that, if this loophole were widely exploited, it would ask the Department of Energy to block it.

David Cohen

■ *David Cohen is a partner in the law firm of Paisner & Co.*

Should Access pick up the tab for my useless hi-fi?

IN MAY last year I bought a midi hi-fi music centre from a store in Gloucester for £75. I used my Lloyds Bank Access card in payment.

However, on unpacking my purchase I found the goods to be faulty. I took the matter up immediately with the vendors, but in spite of repeated telephone assurances that the matter would be rectified, nothing happened.

I therefore contacted Lloyds Bank Card Services for advice and they credited my account with the £75 in August, with a rider that this credit might be withdrawn. I informed the vendors and invited them to collect their goods.

I heard nothing further until I received a letter from Lloyds informing me that the £75 credit was being nullified and that my account was being debited with this amount.

Eight months had elapsed and I had assumed the matter was closed and had destroyed relevant correspondence. I still have the goods in their original packaging and unused.

■ Unfortunately what the bank says appears to be correct.

Your remedy lies against the shop from which you made the purchase or against the manufacturer. The former is the better target. You should seek a refund against the return of the faulty goods.

The name game

I RECEIVED a cheque from the Portman Building Society some months ago for a little over £1. I had not realised I still had an account with them so I wrote and asked them to close it and send me a cheque. Some weeks later I received a cheque for just over £1,000 and a pass book with my surname but a different second initial and with no address on it.

I assumed they had simply made an error with my second initial and paid the cheque into my bank. It was accepted when I showed the passbook.

The £1,000 was the sort of investment I used to make a few years ago and although PBS's name did not mean much to me I know some societies have amalgamated.

Last month I received a letter from PBS asking for the money back as an error had been made. They apologised and said a pre-paid envelope was enclosed – one wasn't! They also said my account had been closed in 1989 and I had been paid off then.

The trouble is that I no longer have the full amount to pay them back so I am afraid I will, in the terms of their letter, have to "inconvenience them a little". But I am very worried and want to know now what I should do as it will take me some time to get the amount together. I feel aggrieved that such an error could be made.

■ There undoubtedly has been some want of care on the part of the building society in accepting your instruction to close the account without checking your signature against the specimen signature which they must have. This does not exonerate you from having to return the money paid to you in error, but you should be able to stipulate stage payments in making the repayment. You should also resist any claim for interest since the date when you received the money.

Taking on the trust

I AM the chairman of the trustees of a small village charity which has the local poor and sick as beneficiaries. The bulk of the income derives from a large field let to a farmer. The old agreement allows our tenant to assign but his solicitor is pressing the trustees to accept his client's son as a joint tenant, arguing that "assign" covers assignment to a partnership of himself and his son. I have always understood that no man can contract with himself – does our tenant have a case? The trustees are reluctant to use the charity's meagre resources to employ solicitors.

■ Your tenant does have a case. The rule that a person cannot contract with himself does not prevent assignment by A to a joint entity, A & B. Likewise A can lease to A & B, but not to A alone.

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Tax payer's burden

MY WIFE has recently begun a part time job and has become a tax payer. All our capital is in her name as a result of the advantages gained from separate taxation. Is there any convenient way in which she can invest to yield a gross income equal to her personal allowance.

■ We do not know of a means of doing what you require except by managing your portfolio. However, you may care to consult an investment adviser.

Adopting a highway

THE Highways Department of Cheshire County Council has resurfaced 200 yards of a 300-yard lane which continues past my house as a designated bridle path.

However, the council has adopted only 200 yards of it. The 300 yards of tarmaced surface plus the bridle way are part of an Ancient Highway and copies of maps in my possession indicate that it was used as a highway at least as far back as 1838. Can you advise me if Cheshire County Council is legally responsible for this lane and if it can be made to adopt the last 100 yarde of this Ancient Highway?

■ Since it appears to be doubtful whether the last 100 yards of the bridle way was maintainable by the inhabitants at large before 1960 it is not certain that the Highway Authority is liable for its maintenance now.

There are ways to make a highway which is not currently maintainable by the Authority become so – see sections 37 to 40 of the Highways Act 1980. However you may have difficulty in achieving this if you do not own the soil of the highway. If you wish to pursue this, consult a solicitor.

MINDING YOUR OWN BUSINESS

Ashley Ashwood

Model business: Sue Muller beat the stuffed shirts to wrest Siegel & Stockman from receivership

Taking on the faceless men

SUE MULLER stands among the bloodless torsos, disjointed limbs and petrified human forms which make up Siegel & Stockman's trade. She smiles broadly. "The company is my baby," she says.

Yet just a few months ago, the manufacturer and wholesaler of shop display equipment was inflaming rather different passions in its 41-year-old managing director. "I did not stop crying for two weeks. I couldn't sleep or eat. I lost three-quarters of a stone."

Muller first endured receivership and then negotiated her way through a tortuous management buy-out of the 123-year-old company, loading herself with a bloated mortgage and responsibilities for paying off loans to a venture capitalist.

Siegel & Stockman sells £1m a year of its own-made papier-mache and plaster torsos (some with Belgian-manufactured arms), Japanese-made fibreglass mannequins and other shop display equipment. Muller, a Marks & Spencer's buyer for 18 years, only joined Siegel 15 months ago.

By January, she knew things were turning sour with Siegel's parent company, CH Industrials. "I was having major restrictions placed on me in terms of payments and cash flow forecasts. I had no idea what was really happening."

Muller found herself in a position familiar to managers of small businesses in a large but failing group: a complete black hole of information and a feeling that the rug was being pulled from under her. She decided to try to bid for Siegel, which is much smaller than competitors such as Bonaveri of Italy and Bernstein of the US but which exports 50 per cent of its dummies. "I became more and more anxious to try and control my own destiny."

A mortgage broker suggested several institutions Muller might raise finance, including 3i and Hambros Bank. "They all seemed pretty happy to invest in £3m or £5m projects. We were talking £300,000 to £500,000 and they really were not interested. I sat and waited for my mortgage broking friend to come up with the goods and he didn't. I started to panic."

The next month, Muller was talking to a friend in accountancy when the name Baronsmead, a venture capital house near Siegel in the Clerkenwell area of London. Baronsmead was interested. In late February, Muller was showing a Baronsmead director around Siegel's four storey building when the telephone rang. "It was the Siegel & Stockman chairman, who was on the main board of CH. He said the bank had called in the receiver and he was very sorry." This was capitalism at its most brutal. "I had been abandoned."

The next day, a Friday, receivers Price Waterhouse were appointed and at 6pm arrived at Siegel, which last year just about broke even. "It was horrendous. They ran the business and decided what happened. Our office has just nine people but there were seven of them and a secretary. They took over the showroom and that was the last we saw of it until the middle of April. They said they would decide whether we could carry on trading. I said 'this is crazy. We've got an order book of around £100,000.' They said it doesn't matter. We spent the whole weekend with them on whether they were going to allow us to trade."

> *'I did not stop crying for two weeks. I couldn't sleep or eat. I lost ¾ of a stone'*

The CH businesses were advertised in the *Financial Times*. "I wanted to buy it but that didn't count for anything then." The next blow was when Price Waterhouse stipulated that the bids had to be in within a week. "Baronsmead said they could not meet this and so pulled out. I was absolutely devastated."

Muller had to show potential bidders around the company she wanted to buy. "Three competitors just wanted to close us down. Some people were external investors looking for a buy-in. They would say to me 'what is it you make?' And they actually wanted to buy it. It was awful."

Fortunately the date for bids started slipping and Muller got a second bite. This time she could raise the offer to just under £300,000 with money committed by another Siegel manager, Sally Hickmott and a new finance director.

While all this was going on, Muller was trying to run the business, calm staff down, talk to potential bidders who were interested in re-employing her to run the company and dealing with the receivers.

"The receivers were just everywhere. I couldn't open the post so I didn't know what orders had come in. They would sit on things for days until they thought it important enough to be passed on. I couldn't sign any orders, I couldn't give any instructions. I couldn't sign a cheque. We ran out of photocopy paper and it was a two-hour discussion whether we could buy any more." The next blow came shortly after. "The receivers said a higher bid than ours had been accepted. So that was that. I made an appointment to see a headhunter."

In the sixth week of CH's receivership, Muller's luck changed. Price Waterhouse said the buyer, after all, had not materialised. "I never got to know who they were."

In the seventh week a deal was agreed. "We had a week with the most incredible amount of work, legal meetings, sorting out funding and guarantees on loans." The mechanics of purchasing Siegel & Stockman cost £60,000, mainly in legal fees. With working capital, the package was almost £500,000, giving Baronsmead a 60 per cent shareholding in the company though not a share of profits.

Muller says buying from the receiver kept the price down. But she would have preferred purchasing it direct from the parent. "We wouldn't have suffered the total disruption and anguish of those seven weeks. We would have had our reputation totally intact. There's always a stigma of going into receivership even though it wasn't us, it was the group."

Muller still has the daunting task of running the company, making money and paying off the venture loan.

■ *Siegel & Stockman, 2 Old Street, London EC1V 9AA. Tel: 071-251-6943.*

Nick Garnett

Computing

Hidden joys of accounts packages

FOR THOSE small businesses who employ trained accounting staff, computerised accounts are a boon; for those who do not (the vast majority), they are more or less a disaster area. Ask any computer dealer about small businesses and accounts packages and he will shake his head in despair. The users do not have the skills or the discipline to handle it. Worse, they do not have the will either.

In theory, businessmen buy computers to give themselves better information to help them make improved management decisions. In reality, they buy computers because so-and-so round the corner has one, or because everyone says it is the thing to do. Computing is all about keeping up with the Joneses.

When the computer arrives, it proves to be an awkward beast. Accounts packages are designed by clever young men who know a great deal about double entry but have never worked in an accounts office. The transition from manual system to computer is not easy.

Inevitably, it will take several months to master the packages and get them working properly. And if the existing current manual records are not up to date it will be even harder.

In practice, every computer installation hits problems like this. Management find out that there are difficulties they had not anticipated and they will have to put in more effort. Most persevere because ultimately they can see the benefits and in the end they get the computer to work. But when it comes to accounting the businessman often cannot see any benefits. Accounting is alien territory; he just does not understand it. He attaches little status to the accounts department. Its inhabitants, mainly women, he thinks of as paper-shufflers, while the real workers get on with the job of producing or selling the product. He bought the computer expecting it to "do" his accounts for him. When it does not he loses interest.

It is left to the accounts staff to make the best of it. But what chance is there of producing a high quality financial information system if the management has lost interest and the computer is to be operated by the staff with the lowest status in the company?

The computer industry is certainly not blameless, but the problems go deeper than that. Successive studies have identified a lack of numeracy and a poor appreciation of finance among small businessmen long before the microcomputer was ever invented.

Why are things so bad? In the end the prime villain has to be the law. In sensible countries the accountant works for the businessman helping him manage his company. In Britain the businessman finds himself working for the accountant. The law compels him to engage an accountant as auditor to produce a set of statutory annual accounts. These are produced months after the event in a format designed to help the Inland Revenue, the bank manager, the investor, everyone except the individual who has had to pay for them. For the manager running the business they are out of date and useless.

So the businessman's principal contact with financial matters concerns not present or future decision-making but the dead past of last year's figures, and it revolves around the incomprehensible technicalities of financial accounting: accruals and prepayments, net book value, sources and application of funds. He never meets the accountant he should be talking to, the management accountant, who will show him how to use the figures to calculate product margins and break-even point, the vital information he needs to run a profitable business. Rather than think of accounting as the key to managing the business, he comes to regard it as an unavoidable evil, an impenetrable mystery he will never understand and which just has to be borne.

Against this unpromising background it is up to you to decide how much importance you attach to "the numbers", and how much money and effort you are going to put into getting them right. If you have no taste for the subject, employ someone who does and treat them with respect. But if in your heart of hearts you really do not want to know, do not get a computer. You are wasting your money.

Strip off the jargon and accounting is mostly common sense. What it boils down to is that you must have a SYSTEM. In the next couple of articles I want to go right back to fundamentals and look at how to set up an accounting system.

If you still doubt whether accounting can really do anything for you, perhaps a couple of books may persuade you? The first is *Small Business Finance* by John Lambden and David Targett, in the NatWest Small Business Bookshelf series (available from Pitmans, 0704-26881, £8.95). The second is *The Genghis Khan Guide to Business* by Brian Warnes, ex-head of Midland Bank Venture Capital, which has deservedly become something of a cult work since it was published in 1984. True to its author's precept of maximising margins, this slim volume comes in at a pricey £25 (Osmosis Publications, 081-855-5497). But if it succeeds in showing you the sheer pleasure in store when the light of understanding replaces the fog of ignorance, it will be worth every penny.

David Carter

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FOOD & DRINK

Hard work but plenty of beer

***Nicholas Lander** looks at some of the pleasures and problems of running an English country pub*

AS SUMMER approaches some of you may dream of buying a pub in the leafy English countryside. You can appreciate the hard work and would welcome the fun – but how would you generate the profits?

The introduction of the breathalyser in 1978 tolled a financial death knell for many country pubs. Evening trade, particularly, was hit hard. Many publicans have tried to compensate by serving food to attract family parties but this is far less profitable than pulling pints.

Few pubs in the country have more than the odd room to add accommodation to the services they provide. One country pub which does offer these three attractions – pub, restaurant and five comfortable bedrooms – is the Dundas Arms, Kintbury, Berkshire, which, since 1969, has been the home of the Dalzell-Piper family.

The pub was originally built in the early 19th century for men digging the Kennet and Avon canal. Today the bedrooms (originally stables for the canal's barge horses) look directly on to the water. There is a good catchment area encompassing locals, the racing community of Newbury and parents visiting Marlborough school. Only the railway line on the other side of the canal occasionally shatters the peace.

When Dalzell-Piper senior bought the pub in 1969, after retiring from the Army, there were no rooms and the pub had been closed for two years. His wife, a *Cordon Bleu* cook, took control of the restaurant and their son, David, now the publican, chef and knowledgeable wine buyer, was a 19-year-old accountancy student.

Business was slow and it was only with the help of a woman in the Newbury telephone exchange, who put tourists and business travellers their way, that they survived. In 1974 they decided to build the bedrooms, at a cost of £24,000, because they could see no other way of increasing turnover.

Since then there have been no major structural changes, but the Dalzell-Piper commitment to consistency has not wavered. There are good beers, Adnams Bitter and Eldridge Hardy, as well as keenly priced and original bar food – crab an gratin (£3.50), home cured gravad lax (£6), fresh pasta with pesto (£5) – the more usual British farmhouse cheeses and bread and butter and rice puddings.

While training as an accountant David Dalzell-Piper thought he should be offering good wines alongside his mother's cooking. He began with a mixed case of 1959 and 1961 clarets that has developed into a 200-bin list that offers jewels such as Henri Jayer burgundies and Le Pin 1983 along with less grand wines chosen with the same care.

David was given more compliments on his wine list than on his accounting work and joined his parents full time. After a busy lunch service (and the morning spent at an osteopath fixing his back, a chef's perennial injury) I asked David whether the work was still fun and what generated the profits.

Dalzell-Piper outlined the advantages, and disadvantages, of each part of the business. The bedrooms generate more than £1,000 over a busy weekend. Their drawback is that they can lie empty generating nothing – they were from November last year to March this year – and that their occupants would want breakfast. The breakfast service clashes with the pub's major disadvantage – its opening hours.

By law a pub has to open seven days a week and the licensee, Dalzell-Piper, must be on hand to lock up after the 11pm last orders. To open up for a breakfast cook means extra work and increases the wage bill. So Dalzell-Piper cooks breakfast for the guests himself. The pub's major strength is of course its pulling power in terms of numbers and its gross margins. On the previous sunny Sunday lunchtime the pub took £350 in two hours; the bar, garden and car park were packed, and it only called for two bar staff. Dalzell-Piper cooks with the help of one invaluable assistant and a student on Saturday nights.

Normal problems aside, country restaurants face the additional hurdle of having to gear up from what can be a quiet week to a hectic Saturday.

It is obviously this area, however, which provides the job satisfaction. During the 1980s Dalzell-Piper gained culinary awards, including a Michelin red M, but also realised that what his customers wanted was consistency and value for money.

As a consequence of the recession the kitchen's workload has increased as the cheaper pub menu is available in the evening as well. One decision taken at the beginning has been instrumental in maintaining the fun element. In spite of the undoubted custom that the Sunday lunch trade would bring, Dalzell-Piper serves no food on Sunday and bar food only on Mondays.

The Dalzell-Pipers outside their Berkshire country pub

This means a large financial sacrifice but Sunday is the only day he can spend with his wife and family. It is his way of making up for what must be a slightly odd upbringing for any child. The family must tolerate the noise of living over the pub and the children are not allowed to answer the 'phone in case it is a booking. (His childrens' friends, however, see the continual presence of Coca-Cola and crisps as a positive advantage).

Dalzell-Piper also has time, thanks to his weekend regime, to think about next week's menus and fit in the odd wine-tasting.

There, if you are still keen, are the ingredients for a prosperous country pub. Take a bar, a restaurant and a few rooms; throw in talent, hard work, an understanding family and a lovely location. And a good strong back will help too.

■ The Dundas Arms, Kintbury, Berkshire, RG15 OUT. Tel: 0488-58263. Rooms £62 per night double. Restaurant: lunch £16, dinner £24. Closed Sun and Mon.

Cookery

The march of the greens

*Now is the time to reap what you have sown, says **Philippa Davenport***

THIS IS the season for greenery. Everything in the garden is shooting up. I keep giving away half my lovage but it multiplies just as fast. I thought I had killed my sorrel by culling every leaf to to feed a houseparty last weekend but the spear-shaped leaves are fighting back more vigorously than ever. A great green army of them has burst out of their allotted quarters and is advancing towards the path.

Nettles flourish in the fringes of the garden. Sometimes I pinch out the tender green tops with a gloved hand, chop and wilt them in best chicken stock with a chewy spoonful of barley. This makes a good soup – but my husband argues that anything would taste good in good chicken broth.

In neighbouring streams watercress is knitting a lush green blanket, and in the shops supplies of English asparagus are growing from trickle to flow. I wonder if the weather this year will propitiate a new sprinting record. Last year some asparagus stems grew 15 in in 24 hours.

Spinach is plentiful in the shops, the best in my opinion coming from Italy. Tender and sweet, it can be used raw in salads as well as cooked. For the finest treat steam it briefly, just long enough to wilt it, and serve with a dribble of melted butter poured over. Sometimes I add a grating of nutmeg or Parmesan to the butter and finish the dish with a scattering of toasted pinenuts.

Sometimes I crush a few anchovy fillets into the butter. To serve either of these dishes as an entourage to main course meat or fish would be a pity. Both deserve to be savoured solo, though either can be turned into a lovely light lunch by slipping a poached egg or two between the leafy sheets.

Asparagus is also good with eggs, the steamed stems making a delicious grown-up alternative to bread-and-butter soldiers for dipping in soft boiled eggs for Sunday brunch. Those as keen on asparagus freshness as I am, may, if they do not grow their own, like to telephone the Asparagus Hotline 0507-607062, a new information service set up by the Asparagus Growers' Association. The idea is to put consumers in touch with farmers and growers in their area (whether large scale commercial, pick-your-own or small farm shop) where asparagus can be bought fresh cut to order. Good thinking – but association members are thin on the ground in some areas. Your "nearest" source may be a cross-county drive away.

The partnership of watercress with smoked trout and pears is another discovery for me. When aromatic British-grown Williams come into season in a few months the partnership will be even more delicious, I dare say. Meanwhile, thin wedges of juicy ripe Conference pear make appetising companions for slices of cold smoked rainbow trout with sprigs of watercress dipped in vinaigrette dressing.

Cold smoked trout is very different from hot smoked, not unlike smoked salmon but cheaper. The samples I tasted from one Wiltshire producer have been delicately smoky and fine textured, and I am impressed by the company's postal service. A 1 lb side of trout, hand sliced, interleaved with film and laid back on the skin costs £9.95, and an 8 oz pack of interleaved slices £5.95, both prices include p & p. Further details from Mere Fish Farm, tel: 0747-860461.

I can never make up my mind whether sorrel is best categorised as a vegetable or a herb, and I never cease to be surprised by the brilliant bite of its taste and by the way the leaves dissolve so swiftly to a smudgy green puree-cum-sauce when heated. Sorrel makes wonderful soups and the puree is excellent with croutons for filling omelettes, or beaten into hollandaise sauce for serving with salmon, or spooned with the addition of a smidgeon of cream (or butter or maybe nothing extra at all) over fatty foods such as grilled mackerel or herring, pot-roast or braised pork, or chilled creamy-rich Parmesan mousse.

Sometimes I wrap sorrel leaves around rabbit or skinned chicken joints to protect and aromatise the meat while it steams, and I add it to the pot when boiling a gammon or bacon joint. Lovage is useful for flavouring many classic casseroles and stews in the absence of celery and I intend to try making soon a summery fish stew of potato, mackerel and lovage.

A spoonful or two of chopped lovage leaves add fragrance to the rice for a kedgeree. They are delicious with lentils, and provide a fine finishing touch when scattered over a dish of plain boiled potatoes or a potato salad creamily bound with mayonnaise.

Perhaps my favourite use of lovage is in a soup of austere simplicity, invigorating served hot and especially good when chilled.

To make it, simmer 2 oz or so of finely chopped onion in 1½ pt light chicken or vegetable stock. After a few minutes, add about 10 oz coarsely grated raw potato and say 5 tablespoons of chopped lovage. Cook very gently (stirring often or the potato starch may stick to the pan base) until the potato melts and thickens the soup.

Whizz to a puree or pass through a mouli-legumes. Add ½ pt buttermilk – and extra stock or water if the soup is too thick. Reheat carefully (if overheated the buttermilk may develop a curdled look) or chill. Serve as it is or garnish with a few finely shredded lovage leaves and/or blue borage flowers for a star-spangled finishing touch. Oatcakes and water biscuits, ideally home made, go well with this, especially if warmed in the oven.

A case of caveat emptor

***Jancis Robinson** on the perils of buying wine futures*

NOT many things offered for sale to the public are quite as odd as wine *en primeur*. At least you can see and touch your pet rock. And you can always ask for your money back if the colour supplements' ornamental spice jars disappoint. But, when you buy wine *en primeur*, you are buying futures in a liquid that won't even be bottled and despatched to you for a year or two.

Even more absurd is that you are not expected even to sample the stuff (which may actually change) for decades. This has to be a deal for optimists, and never more so than now.

The recent Green's debacle, in which a venerable City wine merchant managed to lose £1.5m of its customers' wines, will have done little to reassure those contemplating a punt on the 1990 clarets recently launched in Bordeaux. If cases of mature wine in bottle, safely shipped to these shores and residing in bonded warehouses supposedly identified with the name of their owners can disappear, what chance a notional dozen bottles still floating in a 225-litre cask in a Bordeaux château?

And then there are investors in claret of earlier vintages still reeling from the repercussions of the J Meyniac et Cie affair. This indicatively-named Bordeaux merchant sold to several British wine merchants a total of £1m of *en primeur* claret from the 1986, 1987 and 1988 vintages that it was not in the end able to deliver. The result for the impeccably correct Wine Society alone was that it had to go back to the market in 1989 to replace this embarrassing shortfall from a company with which it had been dealing for more than 40 years. So much for mutual trust.

None of the Wine Society's members has failed to receive the wine they ordered and paid for, in some cases as long as four years ago, but it cost the society, and therefore its members, an unforeseen £626,864.

The financial instability of commerce in general can only make potential *en primeur* buyers more jumpy. Bordeaux's complex distribution chain begins with the château and often passes through brokers en route for a Bordeaux merchant *(negociant)* who then sells to a British importer who may or may not sell direct to the consumer.

The failure of any single link in that chain could leave unbottled wine, supposedly bought by but unidentifiable with an individual consumer, prey to a receiver, liquidator or bank. As though life were not difficult enough for the British wine trade coping with falling wine sales for the first time in half a century, the Bordeaux merchants have their own troubles.

According to John Kolasa, commercial director of first growth Château Latour: "We're all very worried about what's happening in Bordeaux at the moment. Within the next 12 months we're simply going to have to go through a passage of natural selection to see which *negociants* will be there, able to pay their bills, for the future."

Some British wine merchants are clearly aware that their customers may need some additional reassurance about legal title to their goods

before being persuaded to part with cash for *en primeur* wine this year.

Nick Davies, of The Hungerford Wine Company, which trades significantly in infant claret in its truly tooth-blackening state, has gone to unusual lengths of self-abasement in amending his trading terms to assuage the worriers. Under the heading of Security, the company promises: "As added protection, we now lodge a complete printout of the stocks we are holding for our customers with a solicitor so that in the very unlikely event of this company going into liquidation or receivership she would be able to establish ... that the stocks shown on the printout do *not* belong to the company."

He claims, since his solicitor and company secretary is also the company secretary of one of his major clients, that this scheme has been designed from the point of view of the consumer – although presumably the onus is on individual buyers to ensure that their wine actually appears on the printout.

Farr Vintners, deemed *En Primeur* Merchant of the Year in this year's *Which? Wine Guide*, dreams of a scheme that would offer even more obvious reassurance, a sort of share certificate issued for each case of wine. In a market as thirsty as that for the 1982s, the proprietors would presumably have laughed at the bureaucratic preposterousness of such a proposal, but this year some of them are taking it seriously. John Kolasa, whose Latour 1990 has been described by some as the wine of the vintage, says he is prepared to consider it, and wine merchants Laytons of London NW1 are offering optional Certificates of Ownership from their Bordeaux suppliers of 1990s.

The trouble is however that until the wine is bottled, almost two years after the vintage, an individual's purchase cannot legally be identified; which bit of the barrel was bought by *your* wine merchant? A leakproof scheme has yet to be devised.

Perhaps the only way wine drinkers can be absolutely sure of getting the wine they pay for is to stand well clear of the *en primeur* brouhaha. Even Graham Chidgey of Laytons, who has been selling futures in wine for a good 25 vintages, admits: "I feel it would be much better if we all waited until the wine was in bottle when we could assess the wine that much better. I was far too enthusiastic for example about the 1979s, 1981s and, particularly, the 1983s." Such frankness!

There are few tastings more difficult than that of young claret still in cask. Those who can do it can at best point out to their customers (and readers) the best buys of a given vintage. But what they often, quite understandably, fail to do is give an accurate assessment of the potential of each vintage as a whole. Veteran wine column readers may remember the praise initially showered on the 1975s only to be ruefully retracted a decade later.

With the huge 1990 crop and a sluggish market, in which some '85s are cheaper than their baby brothers, logic dictates a long wait before signing the chequebook. But, as susceptible to the hype as any, I have to admit that this very morning I ordered some 1990 claret. Just one little case though ...

A taste for the common market

Four fine courses at Orsi's

*Eating Out in France: **Jill James** samples a top Lyon restaurant*

IT WAS a whim that took me to the restaurant of Pierre Orsi in Lyon, and it was 12.30 pm on a Sunday when I finally hailed a taxi off the Place des Jacobins.

"Place Kleber," I told the driver. *"Clèberg ou Kleber, vous connaissez?"* he asked, indifferently. *"Orsi, Kleber,"* I replied. A sudden change came over him. *"Orsi, vous avez réservée?"* No, I had not reserved a table. Then we must hurry, he concluded.

A few minutes later I was at the door of Orsi, in Lyon's sixth *arrondissement*. Explaining that I had not reserved a table but had travelled from London to eat there I was seated in reception, offered an *aperitif*, and within 10 minutes a table was found.

The dining room was a sea of pink tablecloths and sparkling glass, lit by tiny ceiling lights. Cabinets were filled with shining glass and silverware. An old, respectable bald head sat under a painting of a servant girl saucily showing a nipple. On each table, presumably as an ornament, were a handful of green and opaque glass beads – the only rather naff touch.

After I had ordered from the FFr360 menu a small plate of raw salmon spiked with dried herbs was served. For first course I chose the *frisée au ris de veau, vinaigrette de foie gras*. Sweetbreads are generally regarded as a restaurant dish because they are so difficult to prepare at home and virtually impossible to attempt for a dinner party. These were near perfect.

After some discussion – the *coquilles St Jacques* was unavailable – I settled on *pot au feu des côtes d'Armor* for the main course. Three different types of fish were served on julienne vegetables in a delicately perfumed broth-like sauce – light and delicious.

The cheeseboard – a rush tray loaded with produce in prime condition – offered a bewildering choice. The waiter eventually chose for me, selecting a St Marcellin of creamy perfection.

A plate of macaroons and tiny tartlets was brought while I pondered the dessert menu. I picked *oeufs à la neige* – a white confection topped with spun sugar floating in a light, sweet pond of sauce, which was delicately and skilfully executed and presented.

Two breads were served with the meal, including a dark hazelnut one, and I drank a half bottle of white Meursault at FFr150, and a half bottle of mineral water, with a glass of Muscat de Beaumes-de-Venise and coffee to finish. My one regret was having to leave the chocolates. The cost of the lunch, *aperitif*, wine, faultless service *et al* came to FFr600.

That the meal was special there is no doubt, but what is most striking about Orsi is its atmosphere. There was none of the stuffiness that comes with, say, lunch at Claridges. Dogs and babies – two of each on my visit – are made welcome. And I wonder what other restaurant with two Michelin stars would play *Happy Birthday, Mouseketeer* to one of its clients at the end of the meal, to the applause of all the diners . . .?

■ Information: Orsi, 3 pl Kleber, 69006 Lyon. Tel: 78.89.57.68. Closed in August. Specialities: *Salade gourmande St Pierre aux poirettes croustillantes. Pigeonneau de Bresse aux gousses d'ail en chemise. Wines: St Véran and St Amour.*

Getting there: Jill James went to Lyon with Travelscene of 11/15 St Ann's Road, Harrow, Middlesex, HA1 1AS, which also arranged the hotel, the Grand Hotel Concorde, Tel: 081-427-4445, fax: 081-861-4154.

The true flavour of Lyon

TO EAT in Lyon is to go from the sublime to the ridiculous. The great chefs of France are there – Bocuse, Vettard, Lacombe, Brazier, Nandron and many more – but you do not need to spend a fortune to eat well. While it is possible to eat badly in almost any big French city these days – one is tired of friends and colleagues returning from holiday and complaining about French food – Lyon is holding fast to its high gastronomic reputation.

Sampling restaurants largely at random can be hazardous. If you are sightseeing in a particular *arrondissement* – let us say Croix-Rousse, the old silk weavers' district at the top of the town – it makes senses to eat with the locals and get the area's flavour.

Since not even the most affluent *Weekend FT* readers will want to eat in a Michelin-starred restaurant twice a day it is worth trying the *bouchons*, small restaurants offering regional specialities and plenty of local atmosphere. There are at least 20 in Lyon (the tourist office in the place Bellecours will provide a list).

At a bouchon called Le Beaujolais in the Rue Mercière (78.92.87.65) a perfectly acceptable three-course meal with house wine and coffee cost FFr87. A pleasant young man in jeans served *salade lyonnais, saucisson chaud* with *pomme vapeur* and *fromage blanc*. The menu without wine or coffee cost a mere FFr58.

Further along the same street I came across the splendidly named Icecoq. The freshness of their seafood was apparent though and a FFr90 menu offering starters of *salade lyonnais*, oysters or seafood salad with main course of *saucisson lyonnaise* or a ragout of cod with small vegetables and a desert of the day seemed fair value.

For, by French standards, a reasonably swiftly-served meal, eat at Le Savoy, big bright and bustling in the Rue de la Republique (78.37.69.25). It serves excellent oysters and fish soup.

Best cheap meal during my short stay was at the bouchon De Fourviere, 9 rue de la Quarantine/33 quai Fulchiron (72.41.85.02). Foregoing a good value FFr72 menu – *oeufs en moyonnoise, plat du jour, fromage crême blanc* and dessert – and opting for the *carte*, a block of *foie gras de canard*, a main course of *emincée volaille*, half a bottle of St Pourcain and half a bottle of Vittel cost FFr220.

One of the things that Lyon is not is a vegetarian's paradise. Lyon's specialities tend to be composed of animal extremities – ie heads and feet. Innards are popular – *tripe à la lyonnaise, Charlieu* chitterlings – but excellent meat is to be found in the Lyonnais district. It is still a big pig-breeding area and its game is also said to be fine.

Good quality potatoes are abondant, as are excellent onions, particularly those from Roanne, the fertile plain from where much Lyonnais produces comes.

Vegetarians: If you cannot face another omelette, or if you are a lacto vegetarian then you had better take self-catering accommodation and a large shopping bag. The city's markets are wonderful and you will be able to buy fresh produce every morning except Monday on the quai St Antoine.

Lettuce fetishists will be in their element – the variety is vast. You had best avert your eyes from the sausage stalls, though.

■ Food information: *Les Halles, the covered market is at 102 cours Lafayette. Tel: 78.62.36.75 for details of food tastings, sales of foodstuffs etc.*

Lyon specialities include: Lyon sausage; pike au bleu; quennelles of pike à la lyonnais; block pudding; tripe à la lyonnais; roulade of pig's head; ham with walnuts; chicken à la crême, chicken sausage, veal sausage and lots more.

J J

Happy birthday sweet 4m!

***Stuart Marshall** celebrates Peugeot's little success*

IT WAS EITHER an eighth or a four millionth birthday that Peugeot celebrated at a party in the medieval splendour of an Irish castle last week.

The guests of honour were a small fleet of 205s, the car that changed Peugeot's image. Until the 205 came along in 1983, Peugeot had been known as a producer of worthy but dull medium/large cars for the bourgeoisie. Tha 205, a pert 5-door hatchback, changed all that.

It became the best selling small car in France and the benchmark for all other European producers of superminis. In its eight years, it has been made at the rate of one a minute to reach a total of 4m. At the present rate – and 605,395 were produced last year – the five millionth will roll off the assembly line at Mulhouse, in eastern France, before the end of 1992. Almost one in four is diesel engined.

There are 43 versions. They range from a very rapid 1.9 litre, fuel injected cabriolet that has become a cult car among the affluent young to supremely driveable yet economical diesels that are widely acknowledged by Peugeot's competitors as the ones to beat.

The Peugeot 205's styling was so successful that, eight years on and virtually unchanged, it still looks contemporary and attractive.

The latest ones, which went on sale in Britain this month, have catalytic converters. Last week, I tried three models on Ireland's quiet roads. They were an automatic, a GTi cabriolet and a diesel, all power steered and with ride and handling qualities so good they made it hard to believe they were small cars.

Part of the 205 success story: the Peugeot 205 GTI is a cult car for the young

In Brief

AT THE END of next month the Kia Pride 1.1L 3-door, which is likely to cost only a little over £5,500, will become the cheapest car on sale in Britain with a catalytic converter.

The name will be unknown to most Europeans. Kia is Korea's second largest car producer after Hyundai, with an annual output of well over 500,000. All three models of the Pride making their debuts here on 27 June have catalysers. The others are a 3-door 1.3 litre LX (probably just over £6,000) and a 1.3 LX 5-door, which has a longer body and wheelbase than the 3-door cars. This, I understand, will cost less than £7,000. The LX models have 5-speed gearboxes, the 1.1L a four speed.

The Kia Pride, though built almost entirely from Korean-made components, is closely related to the former Mazda 121 hatchback which was recently replaced by a 121 4-door saloon with automatic transmission.

In the US, the Pride has been on sale for about two years badged as a Ford Festiva. Because its body is quite tall, there is plenty of headroom for people who normally find their heads uncomfortably near the roof lining.

■ Do you use a radar detector (illegal in Britain if you switch it on and useless if you do not) in a bid to avoid being caught in police speed traps? If you do, do not even think of taking it with you when you drive on the continent. It could cause a great deal of trouble and cost you a lot of money.

When a friend of mine drove his family through France en route to Switzerland, a radar detector which his son had brought back from the US sat unnoticed on the fascia. At the Swiss border, a frontier policeman put his hand through the open front window and snatched the detector away.

There was an acrimonious discussion, followed by a fine of SFr250 (£100) and no, my friend's son did not get his radar detector, which typically cost about £150, back.

Earlier a colleague, stopped for speeding on the French autoroute, had a hard time convincing the police that a mobile telephone charger visible inside the car was not a radar detector. He had to pay the usual FFr1,200 (£120) fine but at least they did not confiscate the charger.

The moral is that if you must break speed limits in France, take plenty of money with you. If you have acquired a radar detector from the US, where they are legal though frowned on, leave it at home.

Broken reflections

TOUCHING mirrors with a car coming from the opposite direction on a narrow road is as much a hazard of motoring today as having a windscreen cracked by a flying stone. It is rarely anyone's fault but expensive none the less.

But what about having mirrors smashed by passing cars when your own is left at the kerb overnight because you have no garage? R A Fletcher, of Highgate, North London, must be convinced of the truth of the old saying that breaking a mirror brings seven years bad luck.

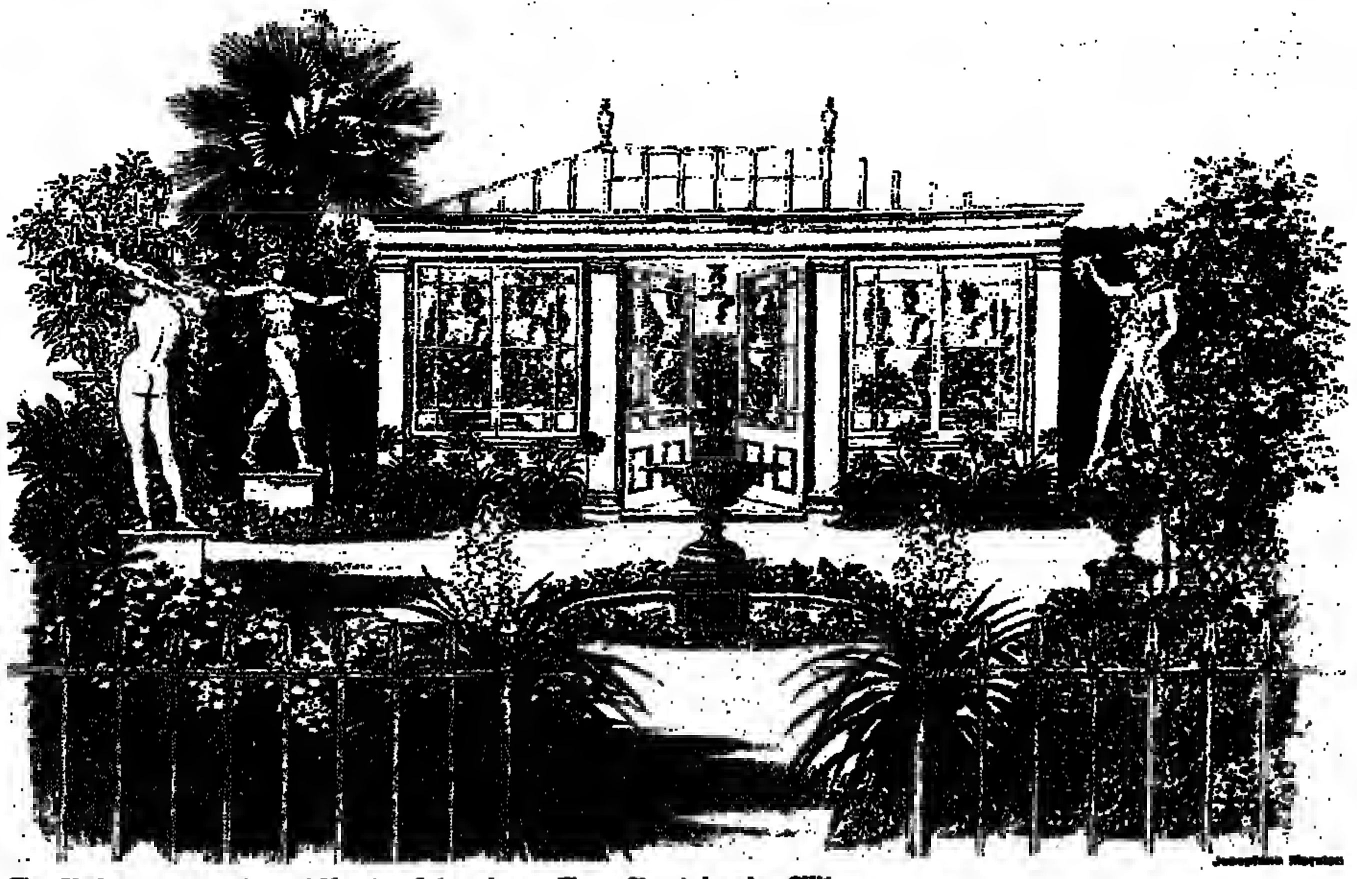
His two year-old Vauxhall Cavalier, which he likes very much, lives out. But he is thoroughly fed up with having to replace heated and power-adjusted mirrors that get brushed by cars that pass in the night at around £100 a go. Either the plastic surround or the glass, or both, are smashed with depressing frequency. Fletcher has told Vauxhall's customer affairs people he reckons the mirrors should be robust and resilient enough to withstand a brush from a passing car. They have passed his comments to design and forward planning departments. Other than that they have only offered sympathy and suggested that he buys yet another replacement mirror. So he wrote to me.

I made the obvious suggestion that he should fold the mirrors into what I call the carwash position before parking overnight. But it cannot be done on a Cavalier although it can on many other cars.

Lancias and Fiats I have driven on mainland Europe have an extra control on the outsida mirror power adjustment mechanism. One touch instantly folds both mirrors flat against the car; another touch brings them out again.

Although it costs around £150, the bad news is that it cannot be obtained in Britain because the importers do not list it as an optional extra. Perhaps they should.

S M



The Chelsea conservatory of Marston & Langinger, Ebury Street, London SW1

More landscapes for the Chelsea gallery

***Arthur Hellyer** chooses the exhibits that visitors will not want to miss at this year's flower show*

WORK THAT has been proceeding for weeks in the grounds of the Royal Hospital, Chelsea, reaches a climax this weekend so that the Chelsea Flower Show may be ready for judging on Monday, followed by the gala charity preview in the evening.

This promises to be a good Chelsea, well up to standard and with more landscaped gardens than for some years.

There seems to be an urge to make gardens with themes although probably what most visitors like best are gardens from which they can get ideas for making or improving their own land.

As an example, David Stevens, a successful garden designer, is working on a theme called Perspectives for store chain B and Q. The garden he has designed contains, in the foreground, an eyecatching circular pool into which water falls from a bubble pool at a higher level. Behind this is a dark, recessed chamber in which are set five "plasma spheres", whatever they are. I fancy that gardeners will find more enduring inspiration in the woodland garden background of birches, whitebeams and maples, and the infilling of shrubs and herbaceous perennials.

There is symbolism of a more heart-searching kind in the garden designed by inmates of Leyhill Open Prison, Gloucestershire, which represents progression in the life of prisoners. To represent this the garden is designed in circles of increasing size made with stones of increasing softness from Dartmooor granite to Cotswold limestone and with a similar progression in the character of the planting.

An interesting exhibit is being made for the Muscular Dystrophy group by third year landscape students of Merrist Wood Agricultural College, Surrey, who can be counted on to produce something original and attractive. It will be manned by experts from Horticultural Therapy, The Royal National Institute for the Blind, the Advisory Committee for Blind Gardeners and the National Backpain Association. Barralet's, of Ealing, west London, will display gardening tools and equipment suitable for the disabled.

Also aimed at teaching will be an exhibit from Ro-lawn, the lawn turf specialists, which has prepared a demonstration bed on which its experts will show how to lay its specially-grown turf. It can be cut far more thinly than traditional turf and is wonderfully light to handle and easy to establish provided its special requirements are understood.

Hillier Nurseries, of Winchester, Hampshire,has the coveted monument site just inside the main marquee and is filling it with an impressive exhibit of what it calls "plants for favoured places." It is also launching the latest edition of Hillier's *Manual of Trees and Shrubs* which has been completely revised.

There is also emphasis on plants that need a little extra care in the exhibit from Notcutts Nurseries, of Woodbridge, Norfolk. If all goes well on the day it will have a lot of large camellia bushes in full flower at a time of year which is normally a few weeks too late for them. A lot will depend on how the camellias come out of the cool store in which they have been held back but there are plenty of plants in reserve if anything does go wrong.

Almost always at Chelsea some of the greatest delights are to be found in small exhibits all too easily overlooked. This year Brenda Hyatt, who holds the National Auricula Collection, will be showing some of her treasures on a table space in the great marquee.

Potterton and Martin, specialists in rock and alpine plants, has many lovely species and is also showing carnivorous, bog and water plants. There are useful ideas in an exhibit by the Alpine Garden Society made entirely of rock plants that are readily available from garden centres. The society's exhibit is also intended to illustrate economy in the use of rock, often an expensive item.

Visitors should not miss the superb orchids from the Eric Young Orchid Foundation, Jersey, and the skilfully-planted hanging baskets, window boxes and other plant containers in the Peper Harow Trust.

This Chelsea vividly underlines the ever-increasing interest in conservatories, some very elaborate and expensive but clearly in demand and capable of adding greatly to garden amenities.

Among the machines, tools and other accessories attention should be drawn to what appears to be the latest advance in garden tractor technology – four-wheel steering. With the Lawnflite 4wheelsteer tractor – shown on the E.P. Barrus exhibit in Northern Road, one of the pathways in the hospital grounds – one can steer circles sufficiently tight to mow close to a tree trunk or garden object.

■ The show will be opened to members of the Royal Horticultural Society on Tuesday and Wednesday from 8am until 8pm and to the public on Thursday from 8am to 8pm and Friday May 24 from 8am until 5pm. All public booking is in the hands of Keith Prowse Expotel and credit card bookings can be made by telephone on 071-735-6199. An RHS show information line, 071-378-1744, is in operation 24 hours a day, until the close of the show. Children under five are not admitted at any time but there are facilities for handicapped people. Total number of admissions is restricted to 190,000 over the four days of the show to prevent overcrowding.

The best times to visit Chelsea are from 8am to 10am and after 5pm. The worst time is from 11am until 4pm, when the crowds arrive.

No doubt everyone will have their own ideas about what they most wish to see, and the official guide includes excellent maps and a clear indication where every exhibit is.

Personally, I think it is a good idea to tour the great marquee when it is least crowded, visit the landscaped gardens next, and fit machines and sundries in wherever it seems most convenient, unless there are some items that are of special interest. That would probably translate into the sequence, marquee, gardens, sundries, if one arrives early, and gardens, sundries and marquee, if one arrives in early afternoon. However, I would amend this to suit the weather, for, if it is overcast, I would try to do the marquee when the light is at its best, and remember that the rain tends to drive everyone inside.

Roses near the top of the tree

I AM frequently asked what is the best plant at Chelsea, but it is a question that has no sensible answer. Gardening is such a vast subject that everyone tends to specialise, even though they do not realise it.

For many, it will be roses that come top of the list and roses will again figure prominently at Chelsea, but, since it is ahead of their natural season, they have to be brought on under glass and that puts them out of character.

One of the bravest rose exhibits at Chelsea this year is that of David Austin Roses, which has succeeded in growing climbing roses to flowering plants of sufficient size to train up into small trees and come cascading out of them – a delightful way to make decorative use of old fruit trees, as every visitor to Sissinghurst Castle, Kent, will know. I call it brave because it is quite likely that the judges will give a higher award to a more conventional exhibit, but the public will love it.

There must also be considerable interast in Bromelia Regina, shown by the Belgium National Office for the Promotion of Agricultural and Horticultural Produce, and described by it as the star of a new series of bromelias.

There will be controversy, no doubt, over the exhibit from the borough of Torbay, which makes brilliant use of the Victorian technique known as carpet bedding to depict a Welsh dragon, mascot of next year's national garden festival in Wales. There are plenty of people who regard this kind of thing as deplorable, but far more, I fancy, who see it as a good joke and a wonderful exposition of a craft that requires skill and patience.

The National Trust for Scotland is also reproducing one of the four parterres made when it reconstructed the 17th century Great Garden of Pitmedden, in Aberdeenshire. It has neatly sidestepped controversy by using credible 17th century plants, such as thyme, lavender, rosemary and lavender cotton, in place of the anachronistic, highly-coloured annuals used in the real garden. Why not replant the Great Garden itself in this realistic way?

Finally, there is a small garden designed by Alex S. Sargeant, for Action for the Blind, which includes features intended to encourage blind children to play by touch. It is so well planted that it could serve as a model for any owner of a small plot. Both plan and plant list will be available free at the garden.

A H

HOW TO SPEND IT

It's time to swag and swathe again. Lucia van der Post looks at what's new — indoors and out — in the design industry

DOING UP the house seems to be one of tha most enduring hobbies of our island race.

The urge to swag and swathe, dado and cornice runs eternally. Apart from making the place prettier, more comfortable and (big motive here) *much* more valuable it is also a splendid way of donning a mask, projecting an image. It is a way of saying "we may look much like everybody else on the outside but just take a look at this little lot, and you will realise that really we are people of subtle taste, fine perception, great modernity and well . . . great distinction."

If you have not found the mask that is really *you*, if you are wondering "whither the drawing-room?" now that country-house styla is so demode, then hurry along to The Design & Decoration Building, in London's Pimlico where from May 23 until June 16 some 15 different designers will offer a wide variety of decorative styles from which you can pick and choose.

What is immediately apparent is that in the world of interior decoration freedom reigns. These days there is something for everybody. Fancy a little neo-classicism? Some ancient dusty walls? A study based on metaphysical concepts gleaned from Renaissance mystics? A bright, chirpy kitchen, all crisp hygiene and freshly-baked bread? It is all there, down to the last light-switch and waste-paper basket. As well as being visually inspiring it is also excellent entertainment, like wandering round a film set.

Quite apart from the British Interior Design Exhibition, the opening of the building is good news for everybody interested in making tha best of their homes, for it will also be a permanent source of design and decorative information.

Robin Guild, a founding partner of Designers' Guild as well as of interior design showplace Homeworks, and Fleur Rossdale, who almost single-handedly got the first British Interior Design exhibition off the ground, have decided to provide a permanent showcase and reference centre for all the services and products that transform a house into a home.

Guild saya tha set-up is rather like a three-dimensional magazine. The great entrance hall, all Grecian splendour by David Hicks, leads into eight of the exhibition rooms. Guild sees the individual exhibitions as the glossy pages — they will offer the kind of set-piece editorials with a changing panorama of statements and options, all the decorative news and happenings.

He sees the changing exhibitions in the showcases and showrooms as three-dimensional display advertisements — here everybody from tap manufacturers to carpet-weavers will show their wares. This is not simply a device to charge manufacturers, it is also a quick way of seeing, "in three-D", many of the options around. As the showcases will constantly be changed and updated they will also offer a revolving display of what is new in the world of interior design.

On the first floor are what Guild sees as the classified ads — tha information and sourcing centre where samples and photographs of ranges will be on show.

As Guild says, "to put the average house in order requires well over 40 different products and services from a chimney-sweeper to a painter, from an upholsterer to a regilder."

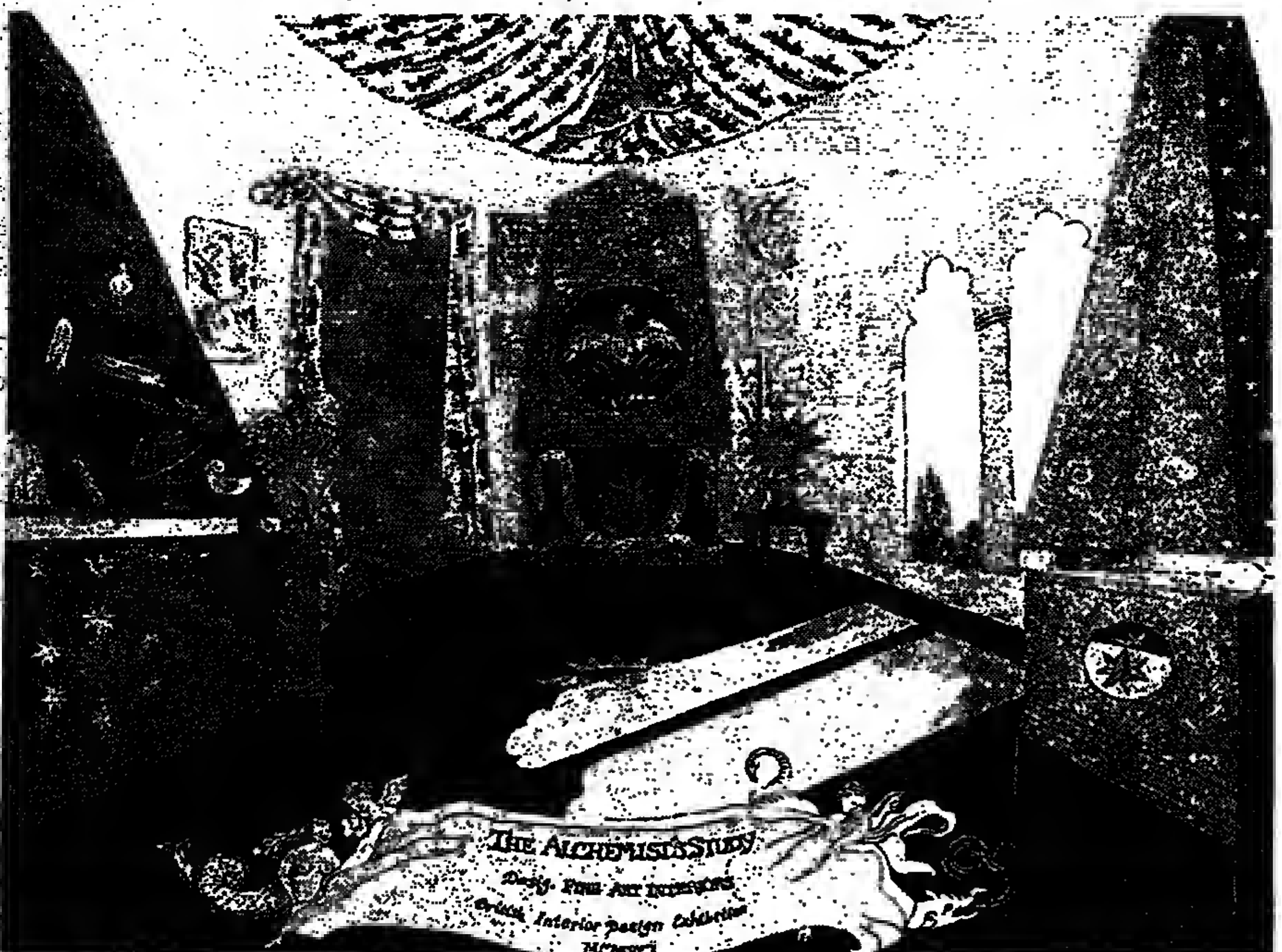
Tracking down the right one is not easy and he hopes that this new centre will help. It will not sell anything — it is a place to gather ideas, names and addresses of products and services, for members of the public as well as for interior designers, architects and decorators.

Guild hopes this will help to demystify the businesa of doing up a house. He is *not* aiming to do interior designers and decorators out of a job — indeed he hopes it will be useful as a place to bring clients. "Instead of having to take them to four different showrooms in different parts of town, they will be able to see under one roof a host of different options. It should make the hnsineaa of finding and choosing much simpler."

The information centre is not completely np and running. "Eventually it will be compnterised and we hope to keep it looking up to the minute with changing display panels and things like swing-boards of decorative ideas."

In the meantime, if yon have any interest in such matters, go and see the first of the exhibitions, the British Interior Design Exhibition starting on May 23.

■ *Design & Decoration Building, 107a Pimlico Rd, London SW1W 8PH. 071-730 2353.*



THE Alchemist's Study, by Paolo Guidi and Katherina Harlow for Fine Art Interiors, is filled with visual references to ancient symbols and the metaphysical concepts of Renaissance mystics, all of which lends a rich, mysterious glow to what can so often be a prosaic room. Obelisks mada from abonye, a rare wood, and embellished with the alchemical minerals of gold, silver and rock crystal house the books (left) and drawers (right). At the far end is a bureau which encloses a clock, maze, staircase and many other surprises. See it at the British Interior Design Exhibition.

A one-stop showroom for home improvers

ANYBODY tired of delicately smudged paint finishes and looking for something a little newer might like to look at the pewter panalled walls devised by David Champion of Collett-Champion for a gentleman's room (right).

Devised for Elle Decoration it is a far cry from the discreetly panelled and subdued club-like versions that usually featura in interior design magazines. It is multi-purpose, designed to cater for any need, from meeting room, to games room or study, for the gentleman of the house. It is on show at the British Interior Design Exhibition from May 23.

Nicely-priced advice

IN DECORATOR land a worse *faux pas* than the wrong shade of pink or an over-frilled lampshade is to mention the word "money". In the world of the grand ladies of chintz, money is not quite *nice*. Or rather, it is not having enough of it that shows such an appalling lapse of taste.

Conrad Jameson showa a refreshing understanding that it is this sniffiness about what a thing will cost that prevents many adequately well-heeled peopla from using the services of an interior designer or decorator. He also understands perfectly that when timea are hard the sensible operator finds ways of giving customers what they can afford instead of bemoaning the lack of lavish spenders.

His company, Jameson Design, has therefore decided to launch what it calls its "Decorating services for career people". "In other words," says Conrad, "decorating advice for people like ourselves who earn good salaries bnt could not be classified as rich.

"Basically, it is an advice service. Any one of the team, myself, my wife Tricia or Simon de Wrangel, will come along and mull over any architectural, design or decorating problems. We find that so often people long for a second opinion — how to hang a valuable set of prints, what to do about an ugly entrance hall, how to deal with a difficult window — and are quite happy to pay for this expert advice but they don't want to approach a grand decorator who they fear is only interested in complete make-overs.

"We bave also found that people often need a rough costing of what they are up against. They cannot take decisions until they know wbether moving a wall costs hundreds or thousands. Because we are doing this every day of our lives we can usually estimate pretty quickly what their ideas will cost."

Jameson Design charges £250 for a morning's (or afternoon's) advice and for that you get the undivided attention of Conrad, Tricia or their colleague Simon de Wrangel. You could consult them about as much or as little as yon feel like or about whatever is worrying you at the time. There is no obligation to get Jameson Design to carry out the ideas but the company will happily do so either then or at a later stage.

I decided to try them out by letting the team loose on our house. Ours is a late Victorian London terraced house which had suffered from a poor, 1960s-style conversion before we bought it. We have never done a proper renovation because we were never sure how long we would want to stay in it. Now that we would like to put some design order into tbe house, what should we do?

The Jameson Design team, after a morning spent prowling round the house, came up with some exceedingly elegant suggestlons wbich it ls estimated will cost considerably less than we had imagined.

The scheme is based around restoring architectural harmony to the house (much more important than decorative effects) and using the round-headed arch of the front door as a motif. The sketch helow illustrates the theme perfectly — here the ugly flat door, behind which is a useful but utilitarian laundry room, ia replaced by two round-headed arches, huilding in some bookshelves and completely tranaforming the vista.

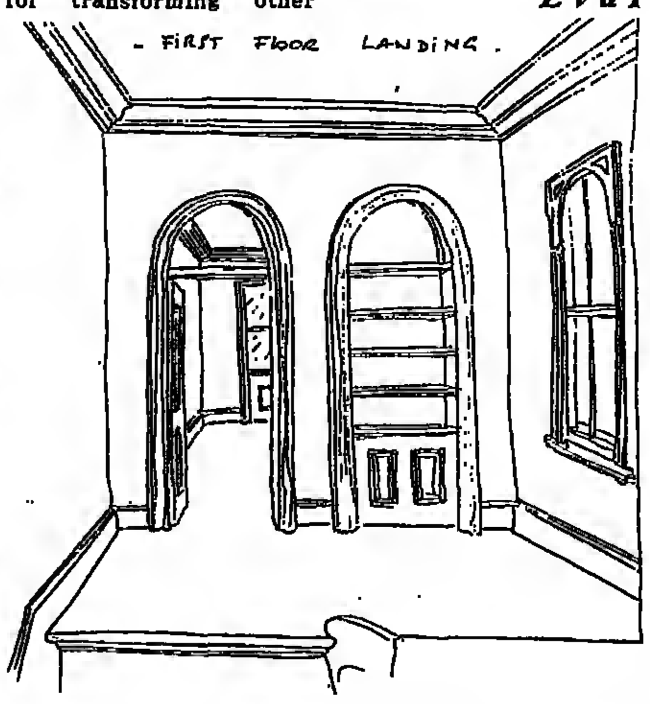
As Conrad puts it: "With the door open, you would now have that all-important route through the Dardenelles: an open vista for light, east and west, back and front. Directly besides this round-headed door would be a round-beaded frame that forms a bookcase. And directly besides the bookcase the round-beaded frame would reappear again in the window."

The twin-arched theme was also auggested for the next landing, where Conrand thought an open-plan study needed a sense of privacy, and for transforming other coonecting doors. Tbere were also detailed suggestions for dealing with awkward spaces and improving proportions. Altogetber, if carried through, I can see that these ideas would transform the house and our pleasure in lt. Sketches clearly cannot be done in a morning and so are NOT part of the £250 deal but they can always be done as an extra. Think of it the way you regard your solicitor's bill — as charges hy the hour.

What was enormously valuable ahout the exercise was that we had no fear that we were heading for a vastly expensive enterprise. The fees for advice are entirely separate from the fees that would be charged if the company were to organise and oversee the work. Jameson Design was able to suggest relatively simple and inexpensive ways of improving many of tbe details of the house which had been spoiled hy its 60s-style renovation. What you huy hy the hour is the team's experience and knowledge of hundreda of similar houses and problems. As far as I am concerned it has two great things to recommend it — first, you can buy as mucb or little of the advice as you need (and I can vouch for the fact that what they can see and take in in a moroing ia prodigious); and, aecond, the fee is clearly out in the open from the beginning.

■ *Jomeson Design is ot Chelsea Green, 29 Elyston Street, London SW3 3NT. (Tel: 071-584-7642).*

L v d P



For those dozy days

THOSE who can, make it to London for that great jamboree of the weeding and pruning classes, the Chelsea Flower Show. Those who cannot have to make do with the snippets of news that make their way to their rural fastnesses.

For the proper news on the real business of the show — the herbaceous borders, the greenery, the cross-breeds, the brightest and the best — I leave you in the safe hands of *Weekend FT* gardening writer Arthur Hellyer (see page VIII). But here are a few snippets that may solve peripherally horticultural problems, no matter how small your patch.

Last year Sarah Burgoyne started her business making traditional wooden and canvas furniture for the garden or conservatory. The Edwardian Steamer Chair (with canopy) was an immediate success so she has added to the range with a terrace chair and a hammock bed.

The pieces are handmade in Sussex and the canvas is a classic green and cream stripe which can be easily removed for cleaning. All the pieces fold so they can be easily and quickly toted inside.

The terrace chair has an upright tall back and sells for £97, the hammock bed (ideal for dozing away summer Sunday afternoons) is £285, as is the steamer chair. For a full-colour brochure and further details write to her at Whyly, East Hoathly, East Sussex, BN8 6EL. Tel: 0825-84-0738.

Agriframes is one of those all-purpose mail-order operations which offers everything from slug-killer (£4.95) to a flamboyant pair of bronze cranes (£985) or a cherub clutching a fish (£2,954). It is strong on gazebos around which you trail climbing rose and clematis. It offers a classic gazebo, obelisk shapes, screenwalls, and a "byzantine" screen. The catalogue is 20p from Agriframes, Charlwoods Road, East Grinstead, Sussex. RH19 2HG. Tel: 0342-328644.

It is hard to improve on the design of something as traditional as a trug and, wisely, Somerset Creative Products has not tried. It sticks to the tried and tested designs but makes them with as much care and authenticity as possible. They are all made from reclaimed timber and hand-painted and finished (sketched above).

Although the classic use for the trug is as the carrier of produce from garden to house, it is much to be seen in glossy magazines as the essential prop in a pretty kitchen, garden room or the like, displaying plants, vegetables, fruit or dried flowers. Trugs also make splendid magazine racks. Sketched here are two — the smaller size, 18in x 12in, is £28, the larger 24in x 14in, is £36. Also made in reclaimed timber, and painted in blue, green and dark red, are a letter/pen holder (£16) a cutlery box (£26) and a utensil holder (£28). All are available by mail order only from: Somerset Creative Products, Brickyard Farm, Combe Lane, Wedmore, Somerset. BS28 4DZ. Tel: 0934-712416.

L v d P

Above: Oak garden or conservatory chair in the Shaker style. Sturdy enough to be left outdoors in wind and rain, it can be left plain or painted any colour you fancy. £145 from Graham & Green, 7 Elgin Crescent, London W11

A bonfire of the vanities

Marilyn Bentley looks at changing approaches in the schools

THE ENGLISH language is one of Britain's all-time export successes. But while the world has adopted English as a universal second language, Britain faces an increasingly multilingual commercial future with dangerously limited resources.

Government policy statements clearly acknowledge the problem: "Compared with many trading nations, ours has a damagingly small proportion of people who understand and speak a modern foreign language." Proposals for the *National Curriculum* on modern language teaching leave no doubt over the British government's commitment, at least in principle, to bringing about a radical improvement in language skills.

The UK starts from a low base. Hitherto, most children in England and Wales have received no more than three years' tuition in a foreign language, usually French. In 1988-9, only 21 per cent of 16 year olds achieved GCSE grades A to C in French, 7 per cent in German, 1 per cent in Spanish and 1 per cent in any other modern foreign language.

Under the National Curriculum, all children aged 11 to 16 will study *at least* one modern *language* from a list of 19 acceptable as foundation subjects, ranging from Arabic to Urdu. However, there is no intention to increase the amount of curriculum time devoted to language teaching, typically about 10 per cent. And, while many European countries routinely teach a second language at primary level – a time when children are arguably less inhibited and more receptive – a lack of suitable teachers and problems of continuity between primary and *secondary schools mean that* few British children will have a similar opportunity.

However, these dispiriting statistics belie grounds for some optimism. The advent of the GCSE and changes to the A level syllabus have shifted the teaching emphasis from a formal, academic approach to one in which active communication and contemporary relevance play the chief part. As Dr Paul Humberstone, head of modern languages at The King's School, Canterbury, observes, these changes have released large numbers of schoolchildren from "completely meaningless academic exercises" and offered them "something which *is communicative and really* quite useful." As a result, there has been a marked increase in morale among *both teachers* and *pupils, and* a greater interest in further study.

At Coopers, in Chislehurst, Kent, a comprehensive school in the maintained sector, pupils opting for A level French have more than doubled since the advent of GCSE.

"Pupils have been very positive about being able to speak and communicate," says Jill de Warenne, head of French. "Our teaching has changed quite fundament*ally*."

Instead of prose translations, *language is taught through a* variety of topics incorporating up-to-date materials, foreign language publications and news services. For example, during the Gulf War, de Warenne's pupils were doing work in French directly related to the conflict.

There is also evidence at Coopers of a greater awareness among pupils of the practical significance of speaking a second language. "They're getting the message that you're much more likely to need it, for your own personal use and in your work," says de Warenne.

The "best practice" of teachers such as de Warenne is enshrined in the National Curriculum proposals; *an emphasis on practical communi*cation skills, the incorporation of cross-curricular and multicultural *topics, and* the *creative* use *of* teaching materials and information technology (IT).

The proposals make inspiring reading. But, given the huge variations among British schools in terms of pupil intake, financial and human resources, is it realistic to expect any uniformly high standard of language competence to emerge in the near future?

To take one example, while the use of IT is not compulsory under the National Curriculum proposals, *teachers are well aware of* the *stimulus* given to learning by computer-based activities. "All the evidence points towards better performance," says Roger Blamire of the National Council for Education Technology. Pupils without access to IT will inevitably be at a disadvantage.

But even within one local education authority, the availability of IT can vary from one computer between eight pupils to one between 64. Forty per cent of hardware purchases in schools are funded by parent teacher associations, so the interests of parents will affect the distribution of resources. LEAs can apply for government Grants for Education Support and Training but modern language departments in individual schools have no control over how *the money will be deployed.*

Ashley Ashwood

Laboratory experiments: Dr Paul Humberstone and language pupils at Kings College School, Canterbury

Of even greater importance in acquiring fluency, an authentic accent and ready comprehension of a foreign language – all skills to be assessed under the National Curriculum – is continuous exposure to native speakers and idiomatic usage, through audio and visual materials. Here, resources vary from King's School, which has tape recorders and three *loudspeakers* in each class, a fully equipped language laboratory, and a satellite dish to receive foreign domestic television channels, to schools where a functioning cassette recorder is a luxury.

Above all, there is a shortage of high quality *language* teachers. *In* September 1990, the government introduced a bursary of £1,500 a year for *linguists during their* teacher training. But this is unlikely to tempt language graduates *into the profession* when, as Dr Humberstone points out, they can command starting salaries of £3,000-£4,000 a year more elsewhere.

There are grounds for hope. For today's *children, language learning* is already a more positive experience than it was for their parents. Geographical *accident* and the legacy of empire are no longer accepted as excuses for Britain's linguistic incompetence. As the proposal document says, "There is no such thing as a national inability to learn languages." But there is such a thing as a national inability to back sound proposals with adequate resources.

Business Users

And do you have a third language?

SLOWLY and not altogether surely, Britain is untwisting its tongue and starting to take language learning as a business tool more seriously.

Language learning courses are being oversubscribed, government support, long criticised as lacklustre, has become more evident and polls are showing a consistent rise in corporate awareness of the need to end such widespread monolingualism.

While Britain still lags in terms of willingness and facilities, evidence of a change of heart is emerging. The 20 or so government-subsidised language learning centres – set up at higher educational establishments three years ago under the "Languages for Export" programme – report a growing demand from companies looking to expand into Europe.

Mike Crompton, who heads the Manchester "LX" unit, paints a positive picture of the language learning abilities of British business. "I think it's a fallacy that the British are bad at languages. In fact we produce some of the best linguists in the world. Our problem is that people have never had the opportunity, nor the inclination, to learn languages. That is all now changing." Business at the Manchester centre has increased 70 per cent in the last year and the amount of languages and advice on offer continues to expand.

Budding language learners are first of all subject to what is termed a "language audit" – an assesment of what exactly the needs of the user are. This will generally include details of the markets being targeted and the products or services being exported by the company, existing language and cultural awareness skills, and from that a training package is devised.

This ranges from 'drip feeds' involving 2-6 hours of language training a week, to full immersion of 5-6 hours a day.

Interestingly, not all the *tuition* is for the benefit of UK exporters. "A fair amount of the language training *taken is so that employees can* talk to head office – particularly in Japan," says Crompton.

Yet while the LX programme and a *flourishing private sector* are providing an increasingly valuable service, the British training experience *still pales in comparison to its European* competitors. "The debate in Europe has moved on," says Professor Stephen Hagen, Curriculum Director of Languages at the CTC Trust and long-term critic of British monolingualism. "It is not now about which second language will be learned, but which third language after English."

A study by Price Waterhouse which polled 6,000 EC companies' attitude to training reported positively on all aspects of British companies with the important exception of languages. Less than half of British employers provide or are willing to provide any kind of language training, compared with nearly 70 per cent in Spain and 75 per cent of French companies.

Another recent survey, this time by consultants Peat Marwick, of 425 EC companies *found* over *half of* the 50 UK businesses regarded language training as "not important". A *similar number* had *made no* provision for the single European market in their business plans. The figure for the non-British companies was 20 per cent.

"British companies have always been complacent about language learning because English is considered the international language of business," says Timothy Sherwen, chairman of Linguaphone, a leading language teaching organisation.

"But even if that is the case – and it is increasingly not – it is only half of the debate. The negotiations may be in English, but the real detail will be discussed aside in a different language. British exporters are missing a big opportunity. You can be a *buyer* in your own language, but never a seller."

Linguaphone has recently introduced a comprehensive self-study *language learning* kit into *Japan*. Because of its cost – around $1,800 (£1,040) per kit – the company has *no intention of marketing it* in the UK. "At that price a British businessman or woman would expect face-to-face training. The Japanese are much more highly-motivated," says Sherwen.

The business which neglects language training often limits its export horizons. Research by Stephen Hagen into the language abilities and needs of business in the north of England revealed over half of the companies polled claimed to have "no use" for foreign languages. Hagen concluded that: "Companies where languages are undeveloped can be characterised by their exports to output ratio. Most companies which are aware of their own language deficiencies tend to export less than 30 per cent of their total *sales* to *non-English speaking* countries. As one might expect, companies with an annual turnover *of over £100m* sales *do* not report major language difficulties."

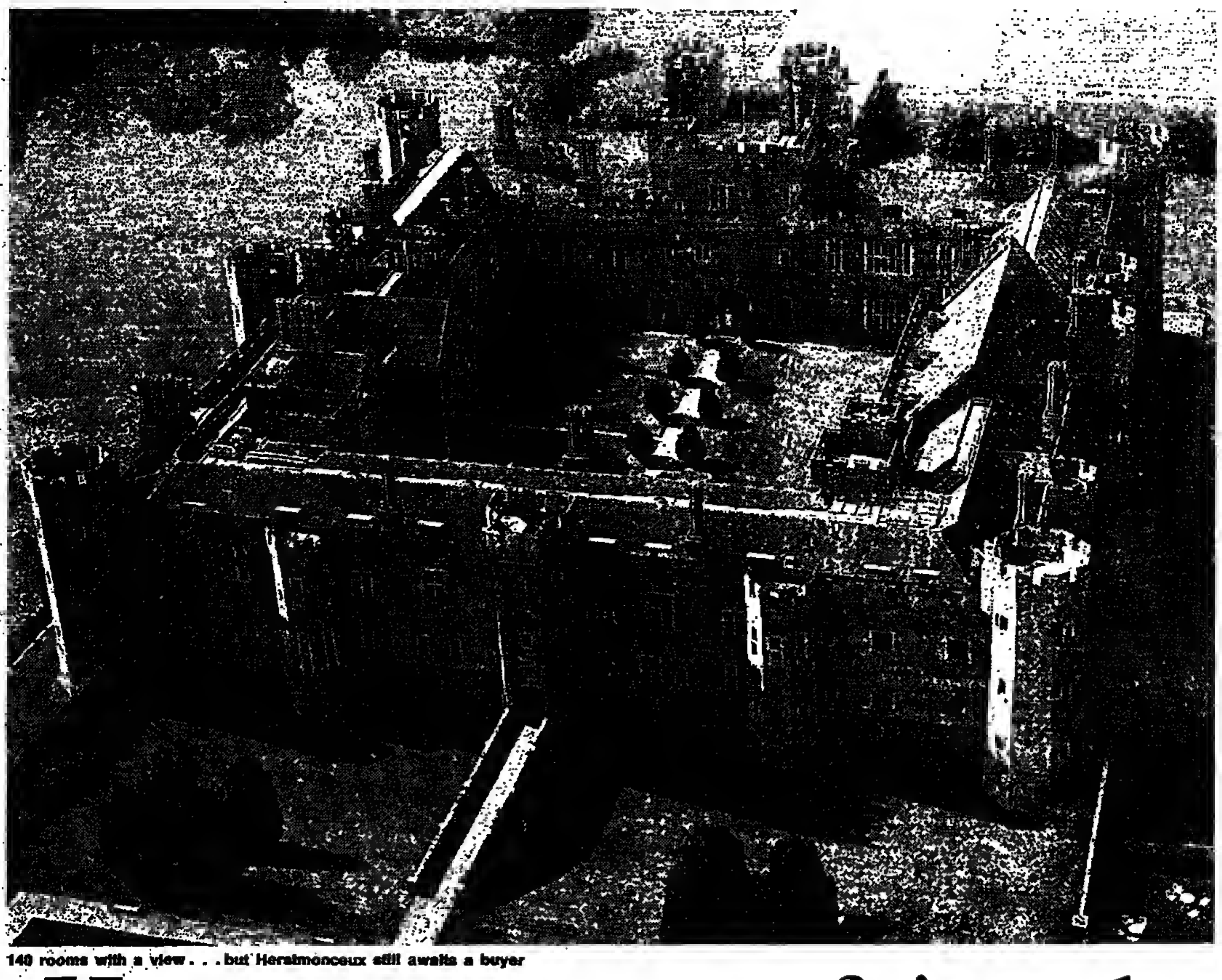
And while the government has shown itself taking the issue more seriously, its commitment is also in question. This year, official funding for the LX centres runs out and they must make a profit to survive. Charges to business seeking tuition and advice have inevitably had to rise as the subsidy has declined. "For a small company," says Mike Crompton, "language training can be a very expensive exercise. We need more resources put into language learning and business needs to upgrade it in terms of its value."

Hagen is also critical of the LX centres' attachment to educational institutions which he says makes them unresponsive to the needs of businessmen and also lacking independence. He would prefer the government to channel money into training by allowing companies tax concessions, as is the case in France. There, companies can deduct ½ per cent of their VAT payments for training purposes. Hagen estimates that 60 per cent of a company's VAT training allowance goes *into language learning. In* Germany, official language training is conducted through the chambers of commerce for which companies are compulsory registered.

"Possessing foreign language skills is seen on the Continent as a normal management skill," says Hagen, "and not as some superfluous luxury."

As well as its export markets suffering, Hagen warns that "the UK risks being increasingly marginalised in an internationalised European job market if more people do not learn languages. There will be far fewer opportunities for the monolinguists and the top positions will go to people familiar with a number of languages and cultures. The UK will have to be content with providing lower grade labour."

Christopher Price



140 rooms with a view . . . but Herstmonceux still awaits a buyer

Herstmonceux: a fairytale with an unhappy ending

*Just what do you do with a 140-roomed castle? **John Brennan** reports on the on-off sale of a multi-million pound country estate*

AS A plot, it is too far-fetched for fiction. The setting is more melodramatic than even a Hollywood script-writers' conference. It is a multi-million pound, tragi-comic property tale tbat is botb trua and as yat unresolved.

The property is Herstmonceux Castle estate in Sussex. The main characters are Ian Tegg and Harvey Lee of James Developments, bankers Guinness Mahon, KBS, the Kyoto broadcasting system, a 55-year-old American named John Mason Hamlin, and a chorus of City solicitors and sales agencies.

Act One took place a couple of years ago when the 531-acre estate, centred on the 15th century 140-room moated castle, was put up for sale. It had been home of the Royal Greenwich Observatory since 1948, so the sale was by way of a Government Surplus offer. There was little comment on this particular privatisation – too little for later critics who complained that an unduly modest allowance for sales promotion had been inadequate to draw in the big money buyers and that the resultant tenders were hardly over-generous.

Be that as it may, bank-rolled to the tune of £8.5m by Guinness Mahon, Ian Tegg's previously low-profile James Developments emerged, not a little surprised by its success, as masters of the castle.

Now, what do you *do* with a 140-room moated castle and estate at the end of the 1980s?

"Leisure" provided the answer. Leisure property was seen as the hottest of all real estate sectors. Every business plan in the industry included at least one chart showing exponential growth in earnings from people taking more time off and paying more to relax. Name a big country estate and you could guarantee that it was being sized up for one form of recreational development or another.

With a real-life 16 ft thick, walled fairy-tale castle to ensure a head start on any other UK scheme, James Developments lost no time pitching for planning permission for an hotel, golf course and leisure development. The group had no doubts that it had to be a scheme to match the quality of the property. Tegg talks of six-star international hotel standards; of perhaps as much as a £30m investment in quality to put Herstmonceux on the map and attract the kind of guests who do not even look at the bill.

Tegg's enthusiasm ran into the planners' cantion. Time passed. "It took far longer than anyone imagined to get permission," he explains, "and by that time the market was much tougher."

Sixteen months' work to win planning consent and 16 months of loan finance costs persuaded James Developments and its bank that it would be wise to re-market the property. Guinness Mahon had been having a rough time in the City and, although it never lost faith in the potential of the castle estate, the aim was to win a fresh funding partner. James Developments wanted to see its six-star scheme carried through property. But the company alone could not handle the project. It accepted that, if needs be, it would accept an outright sale.

Herstmonceux was brought back to the market, but this time its sale was announced with an appropriate fanfare of international publicity. No price was set, but offers of £17m to £20m were courted.

Enter the bidders, seven in all after trimming the list of window-shoppers and non-starters. Two front runners were self-selected by sharing Tegg's view of the estate's value. "We didn't say anything publicly, but we always felt that, for this property we would be talking in terms of £25m."

Through the Bank of Yokohama, now the largest shareholder in Guinness Mahon, James Developments' funders had prepared the ground for the approach made by the Japanese communications group which runs the broadcasting network for Kyoto. That yen bid was countered by dollar competition from an American investment group represented by John Mason Hamlin, who entered the bidding with unqualified references from his London solicitors. Both groups were talking in terms of a £20m to £25m purchase. Once the details were clear it was time for deal making.

At this point, the scene shifts to the London offices of James Developments' solicitors.

As Ian Tegg recalls, it was the situation that property men dream of. Upstairs sat John Mason Hamlin and his advisers, keen to conclude a deal on behalf of the investment group he represented. From the discussions it was understood that the US investment group and related companies managed serious quantities of those eminently appealing cash funds that flow through the offshore markets.

Downstairs sat the executives of KBS, a team anxious to conclude a deal that would transform an under-funded development into the latest landmark property to be ticked off the shopping list of the almighty yen.

It was, as Ian Tegg and Harvey Lee recall, a memorable moment. In a matter of hours it was a magical one.

The Japanese team leader was waiting by the 'phone in the Meridian Hotel, Piccadilly. He would arrive, pen in hand, just as soon as the call came to confirm that a final deal had been struck. Business etiquette prevented his presence until the haggling was over. As a result, the Japanese executives on the spot had little discretion as far as any final negotiation was concerned. Ian Tegg describes their position in the discussions as enthusiastic bnt "evasive". In contrast, Hamlin, the American, had no such reserve about decision-making.

A few trips up and down the stairs later and, as Tegg recalls, the deal came to the boil. Hamlin started to make references to Pearl Harbour and about Japanese corporations buying up the world. He could not let the yen beat the dollar this time.

Months later Ian Tegg still shakes his head with disbelief at what happened after Hamlin's outburst. "In moments," he recalls, "the offer shot up by £5m. Just like that. We thought we'd made the deal of the century."

The developers headed downstairs to inform the KBS team that a deal had been struck. The Japanese were politely horror-stricken. The senior Japanese negotiator stayed on at the Meridian Hotel for weeks while intermediaries made telephone calls to the developers confirming that they were still interested if there were any problems with the sale to the Americans. "We got the distinct impression that he couldn't face going back to say that he hadn't concluded a deal," says Harvey Lee.

James Developments and its legal team did not let the deal of the century cool. Their solicitors and those representing the US group worked through the night and completed the paperwork by early morning. Inside 24 hours contracts had been exchanged for the sale of the Herstmonceux Castle Estate for £30m.

The celebratory mood had not worn off weeks later when the completion date for the deal came around. Back at the lawyers' offices the developers and their purchaser met for what proved to be another exotic deal.

Instead of an exchange of cash and deeds the conversation turned to the problems of gathering offshore cash. Moving funds is a time-sensitive business. It emerged that the American investment group had run into a timing problem. However, Hamlin appreciated that ha would have to pay for the delay and he proposed to pay handsomely.

Rather than lose the deal to the still hopefully-calling Japanese underbidders John Hamlin suggested a deal refresher. It would be enough to keep all parties happy, and it would recognise his offshore partners' appreciation that the masters of Herstmonceux were allowing them time to organise their cash transfers in a cost-effective way. As Tegg recalls, the talk was of sums of more than £100m being moved to facilitate this, and other deals. Given that background, when an offer of an extra £5m was made, no one blinked too hard. Any sense of nervousness abont adding extra weeks to the completion date was put aside by the offer of a £7m deposit.

Once again the lawyers worked into the night to tie up the new deal. Once completed, James Developments walked away with a signed contract for the sale of the Herstmonceux Estate for the sum of £35m, £7m of which would be deposited within a few weeks.

Three weeks into the four-week deadline there had been no news from the US group. Tegg and Lee plus their solicitors did some extra checking and found that their wealthy American man-of-affairs lived in a relatively modest north London house. Could that really be the UK home of e multi-£100m offshore financier? Well, yes it could, given the explanation that he had married a British woman and lived in the UK in her home for seven years. Too extravagant a life-style would be a security problem.

Delay on the deposit was explained in terms of further hold-ups in fund organisation. The worries really started when Hamlin failed to show at the James Developments' solicitors' office on the day to complete the deal. Calls were made to his solicitors. Words were exchanged. It seemed there would be a further delay.

Tegg and Lees' advisers pressed for completion. A Mareva Injunction was sought and issued freezing the US group's funds until the deal was sorted. The whole affair moved to a civil action and, as a final twist, high-bidder John Mason Hamlin sought and proved eligible for Legal Aid to assist him in conducting his case.

The Japanese calls were returned in some haste and more meetings arranged. By last Cbristmas it appeared possible that the under-bid might be held in place and that Herstmonceux would fall to the yen. But the yen fell instead, or at least KBS's interest in 15th century moated castles in Sussex fell as the corporation became entwined in one of those periodic, obscure Japanese financial hiccups. KBS made its polite apologies – and withdrew.

"Count" Victor Lustic, the legendary confidence trickster who managed to "sell" the Eiffel Tower not once, but three times in succession, relied on his victims' embarrassment in not broadcasting their gullibility. Ian Tegg and Harvey Lee have kept quiet about the Herstmonceux affair until now for just that reason. But their concern is misplaced. This was no cash-in-hand tax dodge. Solicitors with impeccable reputations advised throughout. Sales agents Savills vetted the paperwork and the prospective buyers. The deal of the century ought to have been just that.

As it is, the civil action continues and, in time, the courts will hear why an apparently sound contract to purchase failed. As for Herstmonceux, a couple of years' financing and the expense of winning the planning battle have almost doubled James Developments' acquisition cost. The estate is back on the market, complete with its leisure consents. Joint sales agents Savills and Sotheby's International Realty ewait prospective buyers able to start discussions in terms of last year's guide price of £17m to £20m.

While no one would be so ungracious as to say so, if the idea of ecquiring what must be the most complete castle estate in western Europe does appeal, a bankers' reference or two would not go amiss.

As they say in Europe/**James Morgan**

Two speeds — slow and stop

FRANCIS MAUDE, Financial Secretary to the Treasury, is not a figure who excites compassion, nor, I imagine, would he wish to. But I could hardly avoid a frisson of anxiety for him when the news of the finance ministers' meeting in Luxembourg came through.

Maude had given an interview to Alessandro Merli of the Italian business daily, *Il Sole 24 Ore*. It appeared on Saturday. Now, whoever writes headlines for that paper knows what he or she is doing. The extensive account of his remarks was headed: "Maude: Only disadvanteges in a Two-Speed Europe." It added that Econnmic and Mnnetary Union was a long way off – not before the year 2000.

Normally that would have been fair enough. The trouble was that the day the interview appeared, Jacques Delors, President of the European Commission, had said he could envisage that a number of countries might move towards Economic and Monetary Union, while others considered their position. On Monday nearly every paper had a headline along the lines of "Two-Speed Europe and EMU in 1997: Official." Indeed Maude's boss, Norman Lamont, the Chancellor, said that this two-speed proposal was constructive.

Later on Monday the Treasury was letting it be known that its view was that there was a Europe of 12 and that it should move together. The tronble was that nobody seemed to report it.

Elsewhere ths prospect of a two-speed Europe excited e lot of comment. The Germans saw it as "good news for John Major." The French believed the British needed time to think. "London's partners," said *Le Monde*, "have a double anxiety: to give tims to the British if, by this autumn, they are not ready to join up definitively, while also avoiding their veto."

Süddeutsche Zeitung of Munich wrote: "The majority of the EC-countries wholly accept the special role of Great Britain and that the decision to leap on the European currency train must be left up to a future British parliament."

This all confirmed what Merli bad written abont Maude. "He had seen the days when Margaret Thatcber treated hsr European colleagues to blows from her handbag and experienced the less turbulent times in which there can be talk across the channel without exchanging insults."

Oddly, the leaders in the drive towards monetary union are less worried now about the British than they are about another group in which Britain is not officially counted: the laggards. They include, according to taste, Spain, Portugal, Greece and Italy – those who will not be ready for union because they are not up to it. There is the potential for a nice row here here. While *Le Monde* says that they must be belped and nurtured by the Community, as part of the surveillance process and with loans if necessary, the *Frankfurter Allgemeine* sternly tells them that they have to pull themselves up by their own efforts.

There is a real danger that the central role played by the British for nigh on two decades will soon be forgotten. Wanted: One *enfant terrible*. No experience necessary.

■ ■ ■

When it comes to rows, though, at least one of Britain's partners has enough of its own to worry about. Every time Chancellor Kohl ventures east of the Elbe he gets pelted with eggs. Last weekend it was apparently organised by the Young Socialists of Halle.

This evnked unexpected reactions from Chancellor Kohl and his Christian Democrats. The *Süddeutsche Zeitung* described what happened first: "It's never happened in Germany before: A Chancellor who charges at a crowd with swinging fists, who is obviously not in control of himself . . . A government leader who turns rallies into e schoolyard where he can take on his adversaries in fistfights. This is so detached from the world of reasonable politics that one has to be stunned."

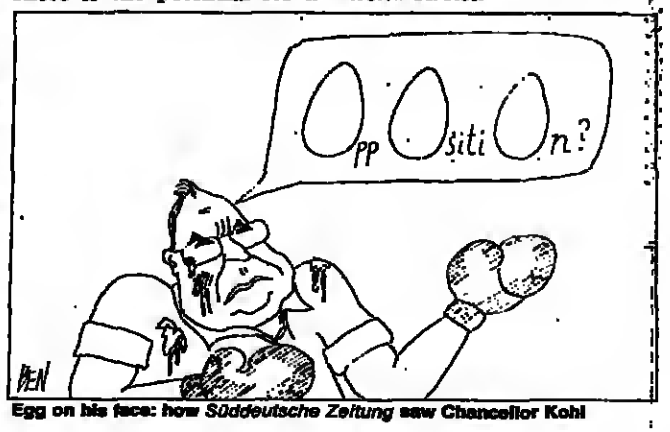
Then he and the CDU demanded an apology, not from the egg throwers, but from the leadership of the SPD. Two of their politicians went as far as admitting that egg-throwing was not a political argument. In the east, the *Sächsische Zeitung* in Dresden wrote of the Chancellor: "So helpless his reaction before Halle Town Hall, so helpless his reaction afterwards."

■ ■ ■

Were you walking round the corner of Kaiserstrasse and Weserstrasse in Frankfurt last week? Then yon may have witnessed what the *Frankfurter Rundschau* called "A concerted action of the Legal Office and the enforcers of tha law. A prostitute-enterprise was being shut down for the first time through implementation of the new basic law on the Closed District. Another 19 items were on the list."

"What had happened was that the new city council, made up of Socialists and Greens had replaced the CDU administration. It introduced a new ordnance which "abolished in all essentials the legislation of the old CDU council. It stated, however, that the area from around Breite Gasse was part of the Closed District, and thereby finally put paid to the projected super brothel. The lord mayor and the police chief will shortly discuss the matter in detail."

■ *James Morgan is Economics Correspondent of the BBC World Service.*



Egg on his face: how *Süddeutsche Zeitung* saw Chancellor Kohl

A prison that's not a soft cell

A group of prisoners is among this year's exhibitors to Chelsea Flower Show. What is going on in our open prisons, asks Alan Pike

A TEAM of inmates from Leyhill prison, Gloucestershire, will be among the proud exhibitors at next week's Chelsea Flower Show, with a display of horticultural handiwork produced on the prison farm.

The visit to Chelsea is the latest in a series of increasingly ambitious ventures into the community by Leyhill, one of the most literally open of England's 10 open prisons for adult males.

People sometimes imagine that open prisons house only minor offenders. In fact 120 of Leyhill's 410 inmates are serving life sentences while most of the rest have received very long penalties – in the 12-18 years range – for serious sexual and other offences.

"Lifers" and other serious offenders finish up in the relatively relaxed regime of an open prison as they approach what will be, if all goes well, the final years of their long sentences.

At its worst, Britain's prison system still projects an image of Victorian squalor. A "corrupting and depressing institution" providing an "austere, miserable and wholly negative experience." This is bow Judge Stephen Tumim, the chief inspector of prisons, described Brixton – the main London remand centre where unconvicted, sometimes innocent, men are locked in cells for more than 20 hours a day.

Following last year's unprecedented riots at Strangeways Prison, Manchester, and elsewhere Judge Tumim collaborated with Lord Justice Woolf on an investigation of the prison system. Their recent report, with recommendations for national minimum standards in prisons, is likely to form a blueprint for change in Britain's penal system into the next century.

Prisons like Leyhill are already in the next century, certainly when compared with those such as Strangeways and Brixton. They show what Woolf's recommendations for smaller units, adequate accommodation and greater opportunities for prisoners to maintain family links might achieve throughout the system.

Leyhill is "open" not only in the narrow sense that the stone wall in front of its pleasant rural site is more of a decoration than a deterrent, but in the daily lives of inmates and the links which Nick Wall, tha governor, ancourages with industry and the community.

In appearance Leyhill, on a 200-acre site, resembles a campus university – although, as insiders point out, there is none of the graffiti and vandalism to which universities are occasionally prone. The accommodation blocks, in particular, resemble student halls of residence with corridors of single rooms and communal washing and kitchen facilities. All prisoners have single cells and here, in the accommodation buildings, is the most symbolic example of Leyhill's openness. Although the outer doors are locked at night, prisoners are not locked in their cells – on the contrary, each man has his own key to keep his cell and possessions secure.

Wall attaches great importance to what he describes as "encouraging normality." One of his main methods of doing so is by developing links between the prison and the outside world.

On the local level, villagers living near Leyhill can use the prison's modern visitors' centre as a creche for their children. Large numbers of members of the public visit the open prison's grounds each year for a week-long community festival.

Outside speakers take part in group events with prisoners. Inmates regularly travel outside the prison to help the elderly, work on environmental and other community schemes and raise money for charity. Considerable staff effort is invested in supporting prisoners' families when they make visits.

Gradually, bowever, the definition of community links has become a more ambitious and national one, resulting in initiatives like the decision to enter the Chelsea Flower Show. Last year Wall allowed a debate on the rights and wrongs of the penal system to be staged at Leyhill and broadcast by the BBC. A prison pop group – the Offenders – made a record which generated considerable publicity including radio interviews.

"I know critics might say there is something gimmicky about prisoners making pop records and entering the Cbelsea Flower Show," admits Wall. "But they are ways of allowing talent to develop. They are ways of achieving positive things within the confines of imprisonment."

Such initiatives belp to remind inmates – and the outside community – that prisons are not part of another world. They are places where human beings, ordinary in many ways, are housed – buman beings who have to try to pick up normal lives when they are released. With this in mind, some of the most important links Wall is establishing are with employers.

Opposition in industry to recruiting people with criminal records remains high. A group of staff and inmates from Leyhill have started trying to challenge this attitude, and recently ran e conference for companies in the Bristol area in an effort to market prisoners' skills and encourage more positive attitudes.

Leyhill has just completed sponsorship arrangements with Whitbread whicb will, among other things, finance heavy goods vehicle driver training – a field where men often try to find work after release. In view of smployers' resistance to recruiting former prisoners, a link has been established with Cranwell to explore ways of belping former inmates set up their own small businesses.

If Leyhill has a positive impact on its inmates they should leave with a well-established work ethic. All men have to put in a full Monday-Friday 39-hour working week in the prison workshops, on the farm or elsewhere. One of the biggest causes of tension in overcrowded inner city jails is that there are not enough activities for prisoners, meaning that many have to be kept locked in cells for most of the day. At Leyhill, tbere are more activities than inmates to undertake them.

Towards the end of their sentences prisoners are allowed home leave to help them prepare for release. Immediately prior to departure there is a two- to three-week course in Leyhill's residential pre-release unit where inmates receive the same training in interview techniques and job-finding skills as other long-term unemployed.

Some men, after years in the more rigid confines of closed prisons, find it difficult to adjust to Leyhill. A few never come to terms with it and ask to be transferred away again.

Wall tells new arrivals that life at the prison is based on a contract: "I explain that we will offer them all we can in terms of opportunities for personal development, status and respect. In return we expect them to react with responsibility."

Given the client group he is dealing with, admits Wall, his bopes that prisoners will show a sense of responsibility are inevitsbly sometimes disappointed. Even so, incidents of violence or abuse of staff are rare at Leyhill.

While most inmates at Leyhill are serving long sentences, a minority of convicted prisoners with shorter sentences go almost immediately to open prison if the nature of their offences or their previous records makes this appropriate.

On this basis, three of the defendants in tbe Guinness trial were sent to open prison after their conviction last year on conspiracy, tbeft and false accounting charges arising ont of the 1986 Guinness takeover battle for Distillers. Ernest Saunders, the former Guinness chairman and chief executive, and Anthony Parnes, a stockbroker, are serving their sentences at Ford – a prison run on similar lines to Leyhill. Gerald Ronson, chairman of the Heron Group, was released earlier this year after serving half of s shorter sentence.

Open prison offers real edvantages to men from backgrounds like Saunders, Parnes and Ronson. There is more privacy, a wider social and age range of inmates and, in spite of several tallies each day to make sure everyone is accounted for, a far less custodial atmosphere.

Inmates can make telephone calls and write and receive uncensored letters. They can order their personal cboice of reading matter from anything on sale at W H Smith or in the local library service. And the food is quite good.

Open prison must be like a five-star hotel for anyone who has been used to slopping-out three to a cell in a crowded inner-city jail. For anyone who is used to five-star hotels, however, it is still prison.

Kenneth Baker, home secretary, said in his response to the Woolf report that the government did not intend prisons to become like holiday camps. Wall admits that the holiday camp accusation has occasionally been thrown at Leyhill.

"I think it is an absurd suggestion. The punishment of the courts is to take away people's liberty, and that is the price people pay wben they come bere. Beyond that, it seems absolutely reasonable that we should prepare them for their return to outside life in es committed and constructive a way as possible."

PROPERTY

In search of a living, not just a way of life

The modern house-hunter in France is looking for a new source of income as well as a dream home, reports Audrey Powell

MANY OF the Britona now looking for properties across the English Channel are not seeking cheap improvable ruins to make into weekend places, as was the pattern a few years ago.

Today's enquiries are often for a home in France, with some sort of income attached, to which the buyer can move permanently. He or she may have sold or be waiting to sell, a UK home, but in some cases that may not be necessary.

As Frank Rutherford, of Rntherfurds ("The French Agents") of Chelsea, London, puts it: "There is one category of purchaser who appears not to be affected by the current economic situation. His budget is £100,000 to £400,000. He requires living accommodation in addition to an income-producing property. He plans to live wholly in France, or at least for extended periods. His motive is to drop out of the rat-race or to go into early, or semi, retirement."

Rutherfords – tel: 071-351-4454 – offers some suggestions from its list: small restaurants, camping sites, vineyards, or riding establishments.

Further possibilities come from the Alpine Apartments Agency, in Leominster, Herefordshire (054-47234), which has a choice of small hotels, or buildings that could be adapted to make one, including a gendarmerie.

Partner Zigi Davenport also suggests a chalet-style hotel in a fast-growing ski village in the Mont Blanc region. It has 13 bedrooms, a small salon, restaurant and bar. Alternatively it would convert to apartments, or self-catering. The price is £185,000.

An equestrian property, perhaps? Agents at The French Property Shop, in East Sussex (0892-852449), which specialises in south west France, says they, too, have clients who are weary of economic depression in Britain and are looking for a permanent home with the possibility of making a living in France.

The French Property Shop offers a residential equestrian centre with a restored mansion, separate guest and staff accommodation, covered riding school and stable block, in 74 acres, at £385,000. It also has a package of 80 acres of woodland for shooting, 90 acres of arable land and over a mile of well-stocked river, abont 50 miles from Toulouse airport, and including a 15th/17th century manor house. The total price is £350,000.

Not right yet? How ahont your own quail farm, then? A quail and partridge farm, with a house in 112 acres, is quoted at £250,000. There is also a prune farm, with drying sheds for the plums, packing huildings, house and 54 acres, for £165,000. Don't worry if you know nothing about the almost hallowed French prune industry, says the agency. The property is close to the International Prune Office, which would surely give you some tips.

When it comes to chateaux, there is a wide choice. Of 1,000 in Dordogne and Gascony 150 are at present on the market, as are 50 in the Charente and Deux Sevres areas and 100 in Normandy and Brittany.

Chateaux et Demeures en Armagnac, at Mirande (010 33 62 66 54 56), specialises in the sale of chateaux in south west France and the Charente area a little further north and has about 80 on its register. Ian Purslow, who looks after the company's English-speaking clients, says that such properties start at £100,000, for restoration, or £250,000 for immediate occupation. They are mostly large buildings with varying amounts of land and could be converted into hotels, country clubs or restaurants.

This chateau in Gascony is partly restored as two apartments. About £210,000 from Chateaux et Demeures en Armagnac

Another option, for those near airports, might be to make them into conference centres. For that Purslow believes you would need a minimum of £500,000 for purchase, conversion and the addition of leisure facilities such as a swimming pool and tennis courts. And don't expect running a conference centre to make you a millionaire, he warns. It should he regarded as a hobby-business that might be built up to boost another income.

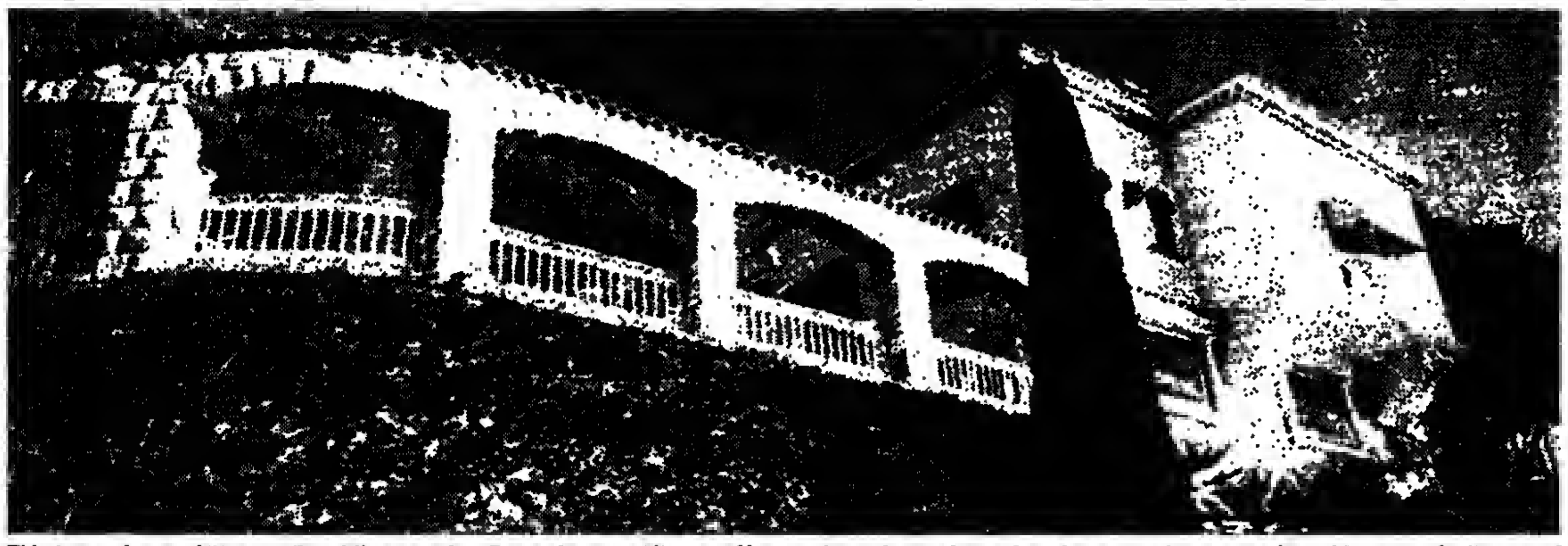
While many of the large rural properties available in France seem reasonably priced by UK standards, you do need imagination to find a use for some of them. Sally Jeffery, of Bristol-based A Place in Provence (0272-239598) has buyers interested in running theme holidays from some of the substantial farm properties she has for sale.

A typical example is a farmhouse in five acres, the rest of the land having been bought by other farmers. It has two stable blocks, three barns and a large hayloft around a courtyard. The price is £90,000. The house is habitable but needs money spent on it. The other buildings would accommodate up to 25 people when converted, thinks Jeffery, and there would still be space available for theme needs, such as dark rooms for photography, and studios or workshops for art or pottery.

However, do not get too carried away with the seemingly bargain price of £90,000. Conversion work and adding the recreational and catering amenities expected of a good standard specialist holiday centre would probably push the bill up to £200,000.

Another version of a "home with an income" is a row of six cottages between St Halo and Dinan, Brittany. They are being made from farm buildings, have beamed ceilings, tiled ground floors and carpeted upper floors. The asking price for all six is £330,000. Joint developer Domalmique, in Beaconsfield, Bucks (0494-678825) suggests that a buyer who chose to live in one and let the rest to holidaymakers could expect a minimum net annual rental of £5,500 per cottage for the remaining five.

In contrast to the neat Breton cottages, and rather cheaper, is a bachelor flat at the top of a former Camembert cheese factory just south of Thury-Harcourt, with 150 yards of frontage to the River Orne. It costs £27,500 through the Normandy Property Shop in London (081-741-7392). That includes all fees, about two acres of land, a small island and the seven-room factory and outbuildings. It has "excellent potential," say the agents. For what? They opt for "craft studios."



This former home of film star David Niven, at Cap Ferrat, between Nice and Monaco, is on the market at £5m. It has a swimming pool, pool-house and 1.5 acres of gardens, with views over the Mediterranean. Agents, Anglo-French Property Group, Darlington. Tel: 0325-381304.

Cut through the rouge tape

A SINGLE page at the end of a book on buying a home in France tells you something about French bureaucracy which it might be as well to know if you plan to live there. It deals with the approach to official papers . . .

When you buy your French property you will be asked to provide documents that will probably have lingered untouched among your papers for years, warns the author. Birth certificate, marriage certificate; if you are divorced, a copy of the decree absolute.

But this, he says, is just the beginning of a paper chase that will last as long as you conduct any affairs in France. Every activity is affected. "If you want to undertake a simple purchase of a butane gas bottle (essential, if you are in the country) you will be asked to provide your date of birth and your wife's maiden name.

"The rub is that if a society is so steeped in the pointless shuffling of useless information and the paperwork to support it, there are vested interests that ensure the merry-go-round goes on and on.

"It is a matter of how we see each other and the trust we place in our fellow beings. In England there is nothing to prevent one buying a property or a gas bottle, in an assumed name. Only if the motive is fraudulent does the matter of legal infringement come into it. In France the paper chase is to determina the legality of actions irrespective of motives, and has become a sacrosanct ritual for its own sake."

The book, *French Housing, Laws & Taxes** by Frank Rutherford is an update of a handbook first published in 1979 and much expanded and improved. It gives information about where to buy and how to choose a property, about purchasing procedure, renovations, taxation, new motorways and much else that is practical. But the concluding insight into the French respect for red tape could be just as useful in its own way.

■ *Publisher Sprucehurst, c/o Rutherfords, 7 Chelsea Manor Street, London SW3 3TW. Tel 071-351-4454, £5.95 or £7.50 inc. p&p.*

A P

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LONDON PROPERTY

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COUNTRY RENTALS

SPORT

Golf/John Hopkins

Seve revives the memories

IT WAS good to be in southern Spain last weekend, in the foothills high above the Mediterranean where the wind rattled the cork trees and sent their leaves spiralling crazily to the ground. Flicking the TV controls from one channel to another it was possible to watch the Monaco grand prix, the Middlesex sevens from Twickenham, the Spanish motor bike grand prix, an Italian soccer match and a lot more besides.

Best of all, though, was the sight of Seve Ballesteros in full pomp as he strove to win the Spanish Open. Spanish TV repeatedly hroke away from its normal programmes to cross to Madrid for on-the-spot reports from the Club de Campo.

Spectators and at least four buggies charged every which way over the fairways of the closing holes. In the end, Ballesteros threw away a chance of victory and lost after a seven-hole play-off, but the message seemed clear: after victory in a tournament in Japan a week earlier and now a second place in Madrid, Ballesteros is regaining his form. Bravo Seve!

Ballesteros's place in golf is similar to Serge Blanco's in rugby. They are the most exciting contemporary players in their respective sports, each one a near genius at his business. Ballesteros burst on the scene as a precocious and thrilling golfer when he was 19 and led the 1976 Open at Royal Birkdale with one round remaining. For 12 more years he thrilled spectators around the world, as much by his thunderous golf as by his smouldering personality.

One of the reasons for his popularity was that you never knew what he was going to do next. Tom Watson and Jack Nicklaus were predictable hut Seve never was. From the middle of the fairway he could miss the green 100 yards away – and then chip in to the hole.

If a drive of his clattered among trees, he would grip down the shaft, open or close the clubface and hit a shot that fizzed out at head beight and curved as required to the appropriate position on the fairway. He played bunker shots with his long irons and hit the ball 200 yards while on his knees.

It was Ballesteros who played the greatest golf shot I have ever seen. It came during the singles matches of the 1983 Ryder Cup. Ballesteros was all square on the 18th hole of his match against Fuzzy Zoeller. Moments later he looked certain to lose tbe hola and with it the match. Zoeller'e drive was 260 yards down the middle of the fairway; Ballesteros, lunging, pulled his into thick, barely penetrable rough and then took a desperate heave at the half-hidden ball and hit his second shot into a bunker 60 yards ahead. Having played two strokes to Zoeller's one, he lay 240 yards from the green and 30 yards behind his opponent.

To stand any chance of halving with Zoeller he had to reach the green with his third shot. From the bunker, where his lie was no more than satisfactory, there seemed no possible way for him to do it. Defeat looked a certainty – except that Ballesteros does not know the meaning of that word. He spent some minotes in animated discussion with his caddie before selecting his club. As he did so, I rubbed my eyes to make sure I was not seeing things. He had chosen a wood.

On the charge: Severiano Ballesteros won in Japan and came second in Madrid

With it, he picked the ball as cleanly from the sand as he might if it had been on a groomed fairway. The ball started its flight 25 yards to the left of its target to avoid catching the lip of the bunker before curving back and ending on the edge of the green from where be was able to chip and single putt. Zoeller was stunned. So was I. As I say, it was the most remarkable shot I have seen and I cannot imagine that I am ever going to see one to matcb it.

Recently, thougb, such feats have been beyond the great Spaniard. His last great round was his 65 to win the 1988 Open at Royal Lytham. For the rest he has been sadly at odds with his game, himself, and most of the rest of the world.

In 1989 be missed as many cuts In Europe as he had in the previous nine seasons combined. In 1990 he performed worse than ever in the four major championships, missing the cot in both the Open at St Andrews (where he had won the 1984 Open, remember) and the US PGA championship. "What's wrong with Seve," mused an old friend of his last summer. "The cluh he needs in his bag is a compass."

Seve's revival these past two weeks is doubly welcome, for him and for the game. A hale and bearty Ballesteros is good for golf in tbe US and in Europe because these days there simply is not anotber player wbo possesses such charisma. Witbout him – and to all inteots and purposes the game has been without him these past few years – golf is a lesser game.

Ballesteros does not feel at home in America. His English is still weak. He bas a toucb of xenophobia. It took the partisan Americans a while to overcome their chauvinism towards him. At one event in the US be was welcomed on to the green hy an announcer who said: "Ladies and gentlemen, here is Seve Ballesteros, the tournament leader. Let's give this spick a big olé."

European golf needs Ballesteros at his best to strengthen its Ryder Cup team against the Americans this autumn, and no ooe knows this better than Bernard Gallacher, the European team's captain. Gallacher is bound to select Ballesteros even if Ballesteros does not qualify on merit, not least for the way he boosts the morale of his team-mates. One has only to remember bow well he did this in 1987 and again in 1989 to see how foolhardy it would he to consider not playing him.

Everyone wbo cares about golf will hope that Ballesteros's improvemeot is a lasting one. He has recently been working with David Leadbetter, the noted teacher, for a few days at first, a week more recently.

Last summer, Leadbetter observed that Ballesteros bad to be more accurate, to hit more fairways and more greens, because his body simply could not cope as well as it ooce did. He could not cootinue to save his errant long game witb the nerveless audacity he had shown formerly.

Perhaps Ballesteros is learning how to do this. One hopes so. This is one señor who really does deserve a hig olé.

Soccer/Peter Berlin

Will the Clough battle plan stop Gazza?

THIS afternoon's FA Cup final has an extra edge for the two team managers involved. Brlan Clough of Nottingham Forest has won a cupboard full of trophies in his 36 years as a manager, but the FA Cup has eluded him. For Terry Venables, the Spurs manager, victory could breathe life into his bid to take over the club.

It has been a gloomy season for Spurs, whose debts have crippled Venables' attempts to build a team through the transfer market. But Venables is an opportunist and recognised that the crisis offered him a chance to launch his own bid for Spurs. The cachet of a cup win and the prospect of a lucrative and glamorous place in European competition could lure investors to his flickering consortium.

Clough has long acted as if he already owns Forest. In the last fortnight he has berated his board for having the temerity to grant him only 24 free Cup final tickets, and has taken the unusual step of suspending his assistant, Archie Gemmill, as a punishment for poor second-team results. It will be interesting to see if Gemmill is on the bench sharing the glory of Clough's first FA Cup final.

The two managers have a reputation for coaching entertaining football teams. But both are pragmatists. They know that while there is no greater pleasure than winning in styla, playing badly and winning has a satisfying and distinctiva *frisson* of its own. It is certainly a better feeling than playing entertaining soccer and losing.

Venables and Clough encourage their teams to play intelligent, fluent passing football, but they give plenty of attention to what their teams do when the opposition has the ball. Both can coach players to stifle as well as to create. Indeed, effective defence, which relies on discipline, is easier to coach than attack, which, even for teams which adopt the Wimbledon commando style, requires an element of unpredictability.

Of the last 20 FA Cup finals, 16 have been settled by one goal or after a replay. Clough and Venables know from their experience that the difference between victory and defeat could be one mistake, and both will be content to wait for the opposition to make errors. These are tactics both have adopted before in big finals and the results have been some of the most stupefying games of recent memory.

Venables was partly to blame for the 1982 FA Cup final and the 1986 European Champions Cup final. In both cases he performed wonders to push his team to the final. In 1982 Queens Park Rangers were a second division team. In tha final, QPR won the tactical battle against Spurs, limiting a creative midfield and talented attack to a dubious penalty goal. Unfortunately they created nothing themselves and lost a dreary final 1-0.

In 1986 Barcelona fought back from three goals down against Gothenburg in the semi-final. But in the final, against unfancied and unadventurous Steaua Bncharest, Barcelona, uninspired and uncertain, managed two headers over the bar in 120 minutes of dire soccer.

Clough's European Cup triumphs were also won with little inspiration. The 1979 Forest team, which relied even more heavily on the counter-attack than today's side does, were expected to carry the game to Malmo, the underdogs, and did not. Tbe following year, Clongb's team happily camped around tbeir own penalty area absorbing a string of Hamburg attacks. Forest produced precious little entertaining football but they won both games 1-0.

'Gascoigne is buoyed up rather than weighed down by the big game'

For today's game both managers are likely to fall back on the tactic of packing the midfield. For the semi-final, Venables seized the initiative from Arsenal hy playing five men in midfield and leaving Lineker alone in attack. Clough often adopts a similar formation, except that his son Nigel lines up at centre forward only so be can drop into midfield pulling defenders ont of position and then release speedier team-mates into the gaps with his cunning passing.

Forest's midfield players and their full backs contribute goals and, while Clough rarely plays pure attacking wingers, his team constantly tries to outflank their opponents or at least stretcb tbem across the field. However, one of Venables tactical preoccupations is denying the other team space on the flanks and funneling them into the middle of the field. This ploy worked in the semi-final against Arsenal.

Tbe two managers may bave adopted similar tactics in previous cup finals bnt with strikingly different results. Americans divide coaches and athletes simply, and ruthlessly, into "winners" and "losers". When it comes to the hig game Clough is a winner, Venables a loser.

In addition to two European Cups, Clough has won four League Cups. The only blot on his record is one League Cup final defeat. Venables lost his previous FA Cup final, his European Cup final and, shortly before thet defeat, his Barcelona team were npset by Real Zaragoza in the Spanisb Cup final.

Clough has the knack for pntting his team in the rigbt mood. On the otber hand the way Barcelona played against Steaua and tbe demoralised manner in which they missed *oll* their penalties raised questions about Venables' morale-management.

The crippling irony of the football manager's job is that as soon as the team takes tbe field he loses all control of events. If things go wrong he can only shout on the sidelines. Both Forest and Spurs have spluttered at times this season. Spurs have not won since they beat Arsenal while Forest have tuned up for the final with four home wins and a draw, scoring 19 goals oo the way.

Venables' team may be out of form and baunted by the club's problems, but he has an ace Clough lacks: a player who can be relied on not to do as he is told. Paul Gascoigne returned from injury to carry the Spurs team towards victory in the semi-final on a tide of adrenalin. He also narrowly avoided being sent off for figbting. Gascoigne is a player who is huoyed up rather than weighed down by the big game.

He sets tbe tone for bis less assured, less talented and frankly less egocentric team-mates, and greedily seizes responsibility from them. For Venables tbe key to today's game is whetber he has managed to drill enougb self-control into his star. For Clough, the question as be deploys his team on the green chessboard of Wembley is whether he has devised a scheme to stop Gascoigne ripping bis side apart.

SUMMER FESTIVALS

World wide culture trip

The FT critics offer their advice on where to go and what to see

AIX-EN-PROVENCE
July 10 - August 2
Festival d'Aix, Ancien Palais de l'Archeveche, 13100 Aix-en-Provence, France. Tel (16) 4217 3434
This year could turn out to be vintage Aix: there's a new production of *Le nozze di Figaro* at the open-air Théâtre de l'Archeveche, with a cast that mixes promising young singers like Judith Howarth with old-stagers such as Stuart Burrows. There is also a Mozart curio — his early sacred play *Die Schuldigkeit des ersten Gebots*. William Christie conducts Rameau's *Castor and Pollux*, and Robert Carsen is to stage Britten's *A Midsummer Night's Dream*. The programme also includes concerts of sacred music by Mozart and Delalande, and recitals by Teresa Berganza and Carol Vaness.

ALDEBURGH
June 7-23
High Street, Aldeburgh, Suffolk IP15 5AX Tel: 0728-453543
The East Anglian renaissance continues, with programmes that manage to honour the festival's cherished traditions (there is a new staging of Britten's *Curlew River* to start things off) and to extend its horizons ever farther. There is Japanese Noh theatre and music from Thailand, and Birtwistle is this year's composer-in-residence, directing a production of his own *Punch and Judy*; Simon Holt is the rising talent given the chance to make his "Composer's choice". New works also include a songcycle from Oliver Knussen, while the orchestral highlight promises to be two performances of Mahler's Seventh Symphony with Rattle and the CBSO.

BATH
May 24 - June 9
Linley House, Pierrepoint Place, Bath BA1 1JY Tel: 0225 463362/466411
Slowly but surely Bath is regaining its festival identity. Czechoslovakia and Hungary provide the focus for many of the programmes this year, with visiting musicians from both countries, including the Franz Liszt and Suk Chamber Orchestras, pianist Rudolf Firkusny, the percussion ensemble Amadinda, and the much praised Talich Quartet. Nicholas Maw is the featured composer, and the first weekend of the festival includes the premiere of his Piano Quartet.
Jazz:
Andy Sheppard's big band, Kathryn Tickell's Northumbrian pipes, the Dave Holland Quartet and the Kronos Quartet amongst many others form an excellent and varied programme.

BAYREUTH
July 25 - August 28
Kartenburo, Bayreuther Festspiele, Postfach 100262, D-8580 Bayreuth, Germany. Tel (921) 20221
There are no new productions this year — but demand is as great as ever. If you don't already have tickets, don't start applying now. The lucky 55,000 who booked their seats last November can look forward to Harry Kupfer's controversial *Ring* production, first seen in 1988, with Deborah Polaski returning to the cast as Brunnhilde in *Die Walkure*. Sabine Hass has replaced Elisabeth Connell as Senta in Dieter Dorn's cool, intellectual staging of *Der fliegende Hollander*, conducted by Sinopoli. *Parsifal* and *Lohengrin* are also on the bill.

BERLIN
September 5 - 29
Berliner Festspiele, Budapester Strasse 50, 1000 Berlin 30, Germany. Tel (30) 254 890
This is the first Berlin Festival to embrace fully the orchestras and opera companies in east and west parts of the city. There are Berlin Philharmonic concerts conducted by Abbado, Giulini and Harnoncourt, plus a visit from Rattle and the CBSO. Roger Norrington and Gidon Kremer will give concerts with the Chamber Orchestra of Europe. But the festival is basically a high-powered start to the new season.

BIRMINGHAM JAZZ FEST
July 5 - 14
Alexandra Theatre and others Tel. 021 454 7020
BB King, Michel Petrucciani and James Morrison, Albert Collins and the Ice Breakers, C J Chenier, Ted Heath Orchestra, Shorty Rogers and the West Coast cool school, The Harper Brothers, Arturo Sandoval, Carol Kidd. Celia Cruz and Tito Puente, as yet unconfirmed, to make over 200 performances for this major event.

BRATISLAVA
September 28 - October 10
Bratislava Festival, Michalska 10, 81536 Bratislava, Czechoslovakia. Tel (7) 334 546
Bratislava's proximity to Vienna has helped widen the musical horizons of the Slovak capital since the dismantling of the Iron Curtain. This year's festival brings the Vienna Philharmonic and the Stuttgart Radio Symphony Orchestra. The real attraction, however, is to sample the native musical tradition. Music by Jan Cikker can be heard in a Slovak Philharmonic concert conducted by Martin Turnovsky. Petr Altrichter will conduct Dvorak's *The Spectre's Bride*, and there are recitals by internationally-renowned Slovak singers Sergei Kopcak and Magdalena Hajossyova.

BRECON JAZZ FESTIVAL
August 16 - 18
The entire town. Tel. 0874 5557
A huge cross section of jazz is to be heard in the streets, hotels, pubs and civic buildings of the picturesque market town. This year's headline concerts feature a one-off UK appearance from the Gerry Mulligan Quintet; Cecil Taylor teams up with Tony Oxley and William Parker in another coup. Ruby Braff, Joe Pass, The New Orleans Rebirth Brass Band, Dave McKenna, Scott Hamilton and Kenny Davern, Steve Smith and Vital Information complete the main attractions. Campsites supplement hotel accomodation.

BUDE JAZZ FESTIVAL
August 24 - 31
Tel. 021 459 0689/0288 355128
The major trad event with 150 sessions over eight days, it attracted 7000 visitors to Cornwall last year. Confirmed artists this year include singer Sylvia "Kuumba" Williams and Mike Daniels Delta Jazz Band. Monty Sunshine, Tommy Burton, Harry Gold, Alan Elsdon, Bruce Turner, Don Rendell, Cuff Billett, Maxine Daniels and Harlem, an eleven piece Cotton Club style band are also lined up.

BUXTON
July 20 — August 11
Festival Box Office, Buxton Opera House, Buxton SK17 6XN. Tel. 0298—72190
Buxton's fortunes, artistic as well as financial, have been on the downward plunge: this is evident in the poor programme choices, casting and production standards of the last few years, visible by-products of funding insecurities. One must hope that this year's Mozart productions — *Die Entführung* and a double bill of *The Impresario* and *Il sogno di Scipione* — will do something to arrest the slide, since the theatre is a gem and the pleasures of the Derbyshire spa town are profuse. The programme includes Judith Weir's children's opera *The Black Spider*, and recitals by (among others) Dmitry Kharitonov, Sarah Walker and Renata Scotto (who also gives masterclasses).

CHELTENHAM
July 6 - 21
Town Hall, Imperial Square, Cheltenham GL50 1GA Tel: 0242 523690
Cheltenham has Peter Maxwell Davies as composer-in-residence this year. There is a healthy selection of new Davies pieces, including a suite from his Danish ballet *Caroline Mathilda*, but more fascinating for those of a certain age will be revivals of some of his works premiered at the festival during the 1960s, a time when Cheltenham was at the forefront of new British music. There is also a tribute to Robert Simpson in his 70th birthday year, and visits from the Berlin Philharmonic Virtuosi (making their British debut), Northern Ballet Theatre and the French Ballet du Nord.

CHICHESTER
June 30th-July 16th
Canon Gate House, South St, Chichester. Tel: 0243 785718
With the theme "Under Sail" the Chichester Festival is nothing if not eclectic. On July 3 it has the premiere of *Brilliant the Dinosaur* by Richard Stilgoe (along with Britten's *Noyes Fludde*) in the Cathedral which eight days later will be full of the sound of the Berlin Philharmonic Virtuosi playing Mozart and Beethoven by candlelight. Other highlights include nautical music — Elgar's "Sea Pictures"; Britten's "Four Sea Interludes", etc, by the RPO with Yehudi Menuhin (July 10) and the premeiere of Jonathan Willcocks' "Great is the Glory" in the Cathedral on July 6.

CHICHESTER FESTIVAL THEATRE
Ends October 5
Chichester Festival Theatre, Oaklands Park. Tel: 0243 781312
In spite of the sudden departure of Michael Rudman the season has opened to acclaim with the planned production of *Arsenic and Old Lace*; later will come Pinero's *Preserving Mr Panmure* with Alec McCowen and Margaret Courtney. In between the new director, Patrick Garland, will direct *Tovarich* by Jacques Deval, a 1920s comedy starring Robert Powell and the ballerina Natalie Makarova, and Ian Judge a starry production of *Henry VIII* with Keith Michell, Dorothy Tutin, Tony Britton, Christopher Timothy and Fiona Fullerton.

The Rhinemaidens and Alberich in Harry Kupfer's production of Wagner's Ring at the Bayreuth Festival

DROTTNINGHOLM
May 27 - September 9
Drottningholms Teatermuseum "Föreställningar", Box 27050, S-102 51 Stockholm. Tel. 08-660-82-25
A definite air of retrenchment at the Swedish court theatre festival this year: only two operas in presentation, a rarity — *Electra* by Johann Christian Friedrich Haeffner — and *Idomeneo*, conducted by Arnold Ostman, festival musical director. Given this reduction, and the small number of seats available in this most beautiful of all 18th century theatres, tickets will probably be even harder to come by than usual.

DUNDEE JAZZ & BLUES
June 1 - 8
Dundee Rep and others Tel. 0382 23530
Andy Shepperd, Abdullah Ibrahim and Basil Coetzee appear as part of the Dundee 800 Summer Festival.

EDINBURGH
August 10-September 1
21, Market Street, Edinburgh. Tel: 031 225 5756 (from overseas 44 31 225 5756). Fringe Festival: 031 226 5257.
This, the last of eight Festival's put together by the retiring director Frank Dunlop, has a pronounced East of Berlin theme with opera, drama and dance companies coming from the Soviet Union, Poland, Czechoslovakia and Rumania. Dunlop has also invited back three of the great sopranos of our time — Jessye Norman, Felicity Lott and Margaret Price.
Music:
The undoubted highlight here is the appearance of the two great Russian opera companies, the Kirov from Leningrad, and the Bolshoi from Moscow. The Kirov will be presenting Mussorgsky's great historical drama *Khovanshchina* as well as a comic one acter by the same composer, *The Marriage*. There will also be concert performances of other Mussorgsky operas. The Bolshoy is unveiling its first new production of Chaikovsky's *Eugene Onegin* for almost half a century, as well as *Christmas Eve* by Rimsky-Korsakov.
Among the visiting orchestras are the Leningrad Philharmonic and the Czech Philharmonic. Apart from Norman, Lott and Price other soloists include Nigel Kennedy and Thomas Allen. At the opening concert, all Mozart, on August 11, Yehudi Menuhin conducts the Scottish Chamber Orchestra.
Theatre:
Some little known names from the East offer the possibility of new discoveries. From Romania comes the National Theatre of Craiova with a play which mixes Ubu and Macbeth, and from Czechoslovakia, the National Theatre of Martin with Brecht's *Baal*, and an erotic version of Marivaux's *La Dispute*. The Japanese director Ninagawa returns with his first play in English, but the talking point should be Zun by the Polish company Teatr Ekspresji in which the often naked performers are star athletes who mix together ballet, pantomime, dance, sport and music in a celebration of the senses. There is also the premiere of a new Barrie Keefe rock musical commissioned by the Theatre Royal, Stratford, *I only want to be with you*.
Dance:
The National Ballet of Cuba and the Ballet of the Deutsche Oper Berlin, under Peter Schaufuss, are the best known dance attractions, with the highlight the latter's massive new ballet by Maurice Béjart, four hours long, based on the *Ring Cycle*. La la La from Canada dance to rock music with a film and video backcloth.
Art:
There is a strong Japanese presence in the art exhibitions that liven up Edinburgh during the Festival. Japanese screens, hangings, prints, lacquerware, armour and weapons from the Tokyo Fuji Museum are on show at the National Museum of Scotland while at the Fine Art Society there are "British artists in Meiji Japan, 1880-1900". At the National Gallery of Scotland there is "Saved for Scotland", works acquired with the help of the NACF, while the National Gallery of Modern Art devotes an exhibition to Michael Andrews' landscape paintings, including Ayers Rock.
This looks a more lively Festival than in the recent past and there is always the Fringe, with around a thousand events, to produce its annual crop of discoveries.

EDINBURGH JAZZ FESTIVAL
August 17 -25
Usher Hall and others Tel. 031 557 1642/3950
Mainstream headliners include Joe Pass, Barney Kessel, Yank Lawson, Scott Hamilton, Oliver Jones, Kenny Davern, The New Orleans Rebirth Brass Band, Leon Redbone, Marty Grosz, Henry Ford Big Band, Swedish big band Kust Bandat, Dry Throat Fellows from Switzerland, The Prague Jazzphonics from Czechoslavakia. A blues festival (20/21 Aug, Meadowbank Stadium) within the main event includes Jimmy Rogers and the Bob Margolin Band and the Lonnie Brooks Band. Jazz on a Summer's Day, the opening day (18 Aug) is free and is in Princes Street Gardens. There is also a Jump 'n' Jive Night on the 19th in the Meadowbank Stadium. There are a total of 400 performances in 20 venues over nine days.

ESSEX JAZZ FESTIVAL
24-27 June 24-27
Clacton Princes Theatre and others Tel. 0225 425501
From trad to modern, Alan Price to Donald Byrd.

FLANDERS
Ends November
Flanders Festival, Eugeen Flageyplein 18, B-1050 Brussels, Belgium. Tel (2) 6491 525
In terms of time, place and programme, Flanders is the least focussed of international festivals — but it has a rich variety of events, extending over the whole summer and taking in some of Belgium's finest cathedrals and castles. Over the next four months, more than 15 of the world's finest orchestras will give concerts in the main cities. There is also a special focus on early and baroque music, with Belgian specialists complemented by Harnoncourt, Hogwood, Koopman, Norrington and other leaders of the Authentic Movement.

GLASGOW JAZZ FESTIVAL
June 28 - July 7
Various venues Tel. 041 204 4400
A heavyweight mainstream programme includes David Sanborn, Oscar Peterson, Herbie Hancock, Wayne Shorter, John Scofield and BB King.

GLYNDEBOURNE
May 21 - August 23
Glyndebourne, Lewes, East Sussex BN8 5UU. Tel. 0273-541-111.
In this year of the Mozart Bicentenary, it will come as no surprise that Glyndebourne, one of the world's most important temples of Mozart worship, is devoting its entire six-opera schedule to his operas. The new productions are *Cosi* (by Trevor Nunn, conductor Simon Rattle) and *La clemenza di Tito* (by Nicholas Hytner, conductor Andrew Davis); revivals of *Figaro, Idomeneo, The Magic Flute* (in last year's controversial Peter Sellars staging) and *Don Giovanni* make up the bills. Casts are attractive, standards generally of the highest; tickets are likely to be harder to lay hands on than (as *Cosi's* Don Alfonso would say) the Arabian phoenix.

GRANGE DE MESLAY
June 14 — 30
Mairie de Tours, 37032 Tours Cedex. Tel. 47-21-65-15
This little festival, comprising three weekends-worth of solo, chamber and choral concerts in June and taking place in a wonderfully atmospheric setting (an ancient barn not far from the Loire Valley city of Tours), is prized above all for being the artistic home of the great Russian pianist Sviatoslav Richter. This year he gives four Bach concerts; other renowned instrumentalists helping to flesh out the main festival "themes" of Bach and Haydn include György Sebok, Jean-Bernard Pommier, Natalya Gutman, Victoria Mullova, the Lindsay Quartet and the Chapelle Royale and Collegium Vocal of Ghent under Philippe Herreweghe.

GREENWICH
June 7— 16
151 Powis Street, London SE18 6JL. Tel. 081-317-8687
Greenwich aims at an eclectic selection of all the arts, and in its enterprising mixture features concerts with the oboist Robin Canter (this year's artist in residence), the Wagnerian soprano Rita Hunter, and the great South African jazz pianist Abdullah Ebrahim. Choral concerts in the great Greenwich halls add to the festive fare, as do the plays "in tents, pubs and sidecars" and an experiment with Installation Art.
Jazz:
Small but quality jazz contribution to the London borough's 21st festival of arts. South Africans Abdullah Ibrahim (piano) and Basil Coetzee (saxes and flute) appear twice, at St. Alfege Church (June 10 and 11); young vibraphonist Orphy Robinson is at Blackheath Concert Halls on June 11; Fatala, a 12-piece drum and dance ensemble from West Africa, share the stage of Greenwich Borough Hall with Trevor Watts' Moire Music Drum Orchestra on June 8; Richard Rodney Bennett (piano) and John Harle (saxophone) join forces on June 13 at Blackheath Concert Halls; clarinettist Bob Wilber fronts a quintet on June 14 at Greenwich Borough Hall. But the Riverboat concert (depart Greenwich Pier 7:45, June 7) has Birmingham saxophone legend Andy Hamilton, fresh from his debut album — at the age of 72!

HELSINKI
Aug 21 - Sept 8
Unioninkatu 28, SF-00100 Helsinki. Tel. (0) 659688
This year's festival, built around the theme "St Petersburg — Helsinki", highlights the cultural influences which two great Baltic cities have had on each other over the past century. New works have been commissioned from the Soviet composer Sofia Gubaidulina and her Finnish counterparts Erik Bergman, Magnus Lindberg and Einar Englund. Among the visiting Soviet artists are Yevgeni Nesterenko, Nikolai Petrov and the Leningrad M.I.Glinka Choir. But much of Helsinki's appeal lies in the quality of the home orchestras, chamber groups and choirs, many of which are little known in western Europe. The festival will also host an exhibition entitled *Spirituality in Soviet/Russian Art*.

HENLEY
July 10-13
Festival Yard, 42 Bell Street, Henley-on Thames, RG9 2BG Tel: 0491 411 358
If glossy presentation were everything Henley would have moved by now into the first division of British festivals. But the conservative programming does very little to remove the suspicion that the music is just there to provide a pleasant background to the food and drink offered at the plethora of restaurants and bars.

HOHENEMS
June 15 — 29
Schubertiade Hohenems, A-6845 Hohenems, Postfach 100. Tel. 043-5576/2091
The Schubert festival continues in strength, featuring this year Barbara Bonney, Uwe Heilmann, Dietrich Fischer-Dieskau, Julia Varady, Brigitte Fassbaender, Olaf Bär, Andreas Schmidt and Peter Schreier among the singers, and Andras Schiff as presiding pianist.

HOLLAND
June 1 - 30
Kleine Gartmanplantsoen 21, NL2017 RP Amsterdam Tel: 20 276566
The rich mix of genres and styles that used to characterise it has been diluted somewhat in recent years, but the Holland Festival still contains something for most tastes. Operatic palates will be tempted this time by concert performances in the Concertgebouw of Prokofiev's *War and Peace*, Berio's *Un re in ascolto* and Mozart's *Die Entführung* (conducted by Eliot Gardiner) and most of all by a new production in the Muziektheater of *Idomeneo*, staged by Peter Mussbach, conducted by Frans Brüggen and with a cast that includes the tenor Ben Heppner.

LONDON, THE PROMS
July 19 - Sept 14
Promenade Concerts Box Office, Royal Albert Hall, London SW7 2AP Tel (from June 10): 071-823 9998
A good year for collectors of rarities, celebrating Prokofiev's centenary with the first UK performance in Russian of his opera *The Fiery Angel* and the 150th anniversary of Dvorak's birth with a concert performance of the dramatic cantata *The Spectre's Bride*. The year's most pervasive anniversary is marked by semi-stagings of *La clemenza di Tito* (from Glyndebourne) and *Idomeneo* (from WNO) together with the usual clutch

continued on next page

SUMMER FESTIVALS

Strange cocktails at Cannes

Nigel Andrews escorts his jangled nerves around this year's film jamboree

CANNES IS the only town in the world which lies down every year in e provocative position, inviting ravishment. Each May, if the town is not trampled to death or ridden to ecstasy by ths rich, the famous and the beautiful, it and we the journalists feel deprived. What, no stars? No world-famous pop singers? No *décolletees* beach sirens?

This year, Madonna madness occupied an otherwise star-starved first week. Then just when the raunchy chanteuse was losing her appeal as solo superstar, Christopher Columbus entered the bay. He came with three 15th century Spanish galleons, courtesy of the Salkinds, the father-son producer duo whose previous speciality et Cannes has been multi-aeroplane fly-bys bearing *Superman* banners. The galleons were edvertising e soon-to-shoot quincentenary movie about C.C. in which he will be played by our own Timothy Dalton.

How merry and refreshing all this hoop-la is. After 100-odd hours in which we all massaged our egos by insisting that we had danced the night away with Madonna on the Majestic beach, we were then press-conferenced by the *Columbus* crew and press-ganged to board their ships as guest tourists.

It all makes a change from being press-ganged to watch the competition films. Never was a Cannes programme so afflicted with two dread diseases: co-productionitis and time-hopping. Even the good films bore stories with restless sell-by dates and weird pedigrees: from the Danish-Swedish-German *Europa* to Krzystof Kieslowski's French-Polish *Two Lives Of Veronique* to a film that in its first three minutes boasted the consecutive captions "1984", "Two years later", "Ons year later" and "Two years later".

As for the less good films, they added to their strange cocktails of countries and creators e positively St Vitus-like attitude to time. In Bill Duke's hyperkinetic all-black comedy *A Rage In Harlem*, we scamper around a 1950s New York that borrows a lot of 1990s clothes and argot. And in Pupi Avati's *Bix* an Italian director chases a great American jazz trumpeter through two hours of spatio-temporal biopic Hell. "New York 1931", "Detroit 1924", "Ohio 1921"... No wonder poor Mr Beiderbecke left us at such an early age. He must have been flashbacked to death.

Trends are always intriguing. The lack of focus in both the provenance and time-frame of modern movies reflects today's puzzlement over what cinema actually is. It is clearly no longer s simply unified artwork carrying e simple national flag. And in the countdown to 2000 A.D., few stories are any longer innocent of history: they reverberate with the formative tremors of the century or even the millennium.

The outstanding competition films to date are the multi-flagged *Europa* – noted in my last report – and the bi-national *Two Lives Of Veronique*. Polish film-maker Krzystof Kieslowski may have mellowed in the time-gap between *A Short Film About A Killing*, his last Cannes triumph, and this bitter-sweet modern fairy tale ebout e French girl and her Polish *doppelgänger*. But the film is still sharply idiosyncratic. Played superbly by the same actress Irene Jacob, the two heroines' paths cross just once, in e demonstration-overrun square in Cracow. But when the Polish Weronica dies of e mysterious heart ailment, her hopes, thoughts and operatic singing talents go on to haunt the French Veronique.

Shot like a dream, with mobile camera and lyrically used colour filters, the film is e study in individuality and dsstiny. What makes each of us what we are? Is uniqueness an illusion? The questions have a special frisson for e film-maker whose country is only now emerging from the gloom of Communism, e system that casts human beings as interchangeable ciphers in a socio-political equation.

Two other competition films have railed against the reductiveness of secular dogma or religious doctrine. From China, Chen Haige's *Life On A String* is a fable about prophets with and without honour, set in a fiercely beautiful landscape. Amid cloud-wrepped mountains and ochre-reddish deserts, an aged minstrel-saint and his young apprentice, both blind, trek towards salvation. The boy falls in love with e peasant girl; the old man waits for the "1000th string" to break on his banjo, which mystical lore insists will return his eyesight. Dismay end a different enlightenment descend upon all.

Though overlong and gangling of structure, the film is magnificent to look at and has a genuine passion of thought. It is far finer than Haige's vaunted *Yellow Earth* and with more work in the cutting-room might rank as the best Chinese film of the new renaissance.

Jungle Fever gives writer-director Spiks Lee e second shot et the Golden Palm two years after he went prizeless, controversially, with *Do The Right Thing*. Here again is a multi-character drama of social meltdown. A mixed young/old, black/white cast – Wesley Snipes, John Turturro, Annabella Sciorra, Ossie Davis, Anthony Quinn – are caught in the seismic shocks of two cross-racial love affairs. Oscillating between humour and high drama, and roaming the streets with e restless Steadicam, Lee's film showe how race prejudice has e support system in every family, every office, every corner cafe. It is caustic, funny and fiercely serious.

No rest for the critic at Cannes, wicked or not. When not being shanghai'd onto Spanish galleons or shepherded into the Main Competition, we escort our jangled nerves around the film market. Here the unspeakable, like *Chopper Chicks In Zombietown* or *Liquid Dreams* (all about vampiric brothel-owners in L.A), vies with the unwetchable, like Anthony Minghella's whimsical British ghost romance *Truly Madly Deeply* or Chabrol's torpid, overdecorated *Madame Bovary*.

Just occasionally, though, a raw masterwork emerges in the market like Todd Haynes's *Poison*. This low-budget trilogy film from America has a subversive inventiveness that rivals David Lynch. One story is e prison-set homage to Jean Genet, another an inspired pastiche of e 1950s mad scientist film, the third e murder-and-missing-child tale told like a tabloid TV documentary. The film is lyrical, caustic and tantalisingly clever in its covert connections between stories. The screening-room was small but packed.

But the supreme scramble for tickets at Cannes so far has been for the 2-hour documentary *In Bed With Madonna*. Goodness me: not just in bed but in the kitchen, the dressing-room, the bathroom and everywhere else director Alek Keshishian can follow the garrulous blonde. Warren Beatty materialises sleepily ou a sofa; Sean Penn is mentioned *en passant* as the great love of Miss M's life; and "Truth or dare" games of extreme naughtiness ere played out between the star and her world-tour retinue. It is a family affsir if you regard Madonna as s husky-voiced den mother surrounded by surrogate children. It is not e family affair if you are thinking of taking Aunt Edna.

Sharply idiosyncratic: Irene Jacob in Krzystof Kieslowski's French-Polish film *Two Lives of Veronique*

of Mozart's orchestral works. But tha straight orchestral fere is as richly varied as usuel too, with visits from Abbado and the Berlin Philhermonic, Ozawa end the Boston Symphony and Colin Davis and the Dresden Staatskapelle, whila the BBC Symphony takes the lion's share of the programmes as usual with e distinguished roster of conductors. The premieres includa works by Lutoslawski, Hugh Wood, Nicholas Maw and Merk-Anthony Turnega, while Tippett's new Yeats eetting, *Byzantium*, will be heard for the first time on this side of the Atlantic.

LUCERNE
August 17 - September 11
Lucerne International Music Festival, Hirschmattstrasse 13/Postfach, CH-6002 Lucerne, Switzerland. Tel (41) 235 272.
Another typically well-organised Lucerne programme – about the only international festival this year not to go overboard on Mozart. The highlights are a concert performance of Schoeck's Venus, two programmes from the Berlin Philharmonic under Abbado, and concerts by the Orchestre de Paris, the Concertgabouw, Vienne Philharmonic end Israel Philhermonic orchestres. Peul Sacher celebrates his 85th birthday with two concerts at the Lion Monument. The scenery and lake paddle steamers are alone worth the trip.

LUDWIGSBURG
May 23 - September 29
Kartenburo der Ludwigsburger Schloss-Festspiele, Postfach 1022, D-7140 Ludwigsburg, Germany. Tel (7141) 949 619
The main attraction is Ludwigsburg castle itself, with its theatre and church providing an undisturbed etmosphere for music. This year has e strong recital programma, with Murray Perahia, Mitsuko Uchide, Radu Lupu, Gidon Kremer, Jessye Norman and Julian Bream. The dance programme has the Netherlands Dans Theater and the Stuttgart Ballet, and there are concerts conducted by Gardiner and Maazel. *Entführung* and *The Threepenny Opere* make up the music-theatre programme.

LYON
September 19 - 29
Maison de Lyon, Place Bellecour, 69002 Lyon. Tel. 72-40-26-26
The Berlioz Festival, which since 1979 has been Lyon's musical contribution to festival life, mey be no more, but e new and extremely promising scheme replaces it. This is the "Biennele de le musique française", e ten-day stretch of works by French composers (from Mondonville, 1711-72, to Hurel, b.1955) which in total amounts to e much-needed examination of national treasures, meny of them neglected at home. In the Auditorium John Nelson conducts Pierre Barrat'e staging of tha Berlioz *Beatrice et Bénédict*; concert rediscoveries will include the Gounod oratorio *Mors et Vita* (conducted by Michal Plasson), plus rarities by Alkan, Saint-Saëns, Bruneau, Charpentier, end many others, all of which – plus the manifold attractions of the great city itself – are guaranteed to make the Francophile mouth water.

MUNICH
July 6 - 31
Festspielkasse der Bayerischen Staatsoper, Maximilianstrasse 11, D-8000 Munich 22, Germany. Tel (89) 221 316
Thie year's July opera festival is uninspiring. There are two new operas – Penderecki's *Ubu Rex* in the National Theater, end Manfred Trojahn's *Enrico* in the Cuvillies-Theater. But the rest is basically a hangover from this season's repartoire, brightaned by Felicity Lott singing tha Marschallin in *Der Rosenkavellar* and Christine in *Intermezzo*.

NEWCASTLE JAZZ FESTIVAL
June 9 -16
Newcastle Playhouse and others Tel. 091 261 0691
In its 17th year and Abdullah Ibrahim and Andy Sheppard headline this time.

PESARO
August 19 - 31
Rossini Opera Festivel, Via Rossini 37, 61100 Pesaro, Italy. Tel (721) 697 360
Pesaro meens Rossini: the new production this year is *Tancredi*, conducted by Daniele Gatti, staged by Pier Luigi Pizzi and with e cast led by Mariella Devie and Luci Valenbni Tarrani. Pizzi's production of *Otello* is revived with Chris Merritt and Cecilia Gadla. But even Pesaro can't escape Mozart this year: Donato Renzetti is to conduct a etaged performance of the early sacred play *Die Schuldigkeit des ersten Gebots*.

PRAGUE
September 6 - 29
The Pregua Spring Festivel rune unbi the beginning of June, but the Czech capital has this year organised an additional late summer festival to celebrate Mozart'a links with the city. Gustav Kuhn will conduct e new production of *La Clemenza di Tito*, and the Cologne Opere will perform *La finte gierdiniara*. Other highlights include a staging of *Il re pastore* and an original-instrument parformence of *Don Giovanni*, plus concerts by the Vienna Philharmonic, Bembarg Symphony end Czech Philharmonic orchestras.

RAVENNA
June 28 - July 24
Ravenna Festival, Via Gordini, 48100 Ravenna, Italy. Tel (544) 482 494
The theme this year is Cherubini and the French School. Local boy Riccardo Muti will conduct the Milan production of Cherubini's *Lodoiska*, end Patrick Fourniliier will conduct Auber'a La muette de Portici. The concert programme includes a Sylvano Bussotti world premiere, and Michel Plasson will conduct a Faure and Poulanc programme. Other guast conductors include Mehta and Maazel.

ST LOUIS
May 25 - June 23
Box 13148, St Louis, Missouri 63119 Tel: 314 961 0644
The semi-rarity this summer in St Louis'e relaxed operatic mixturepicnic parties end all productions eung in English – is *La Bohème*, but in the varsion by Leoncavallo rather than Puccini. There are e new *Eugana Onegin* and *Ariadne auf Naxos* too, as well as Mozart's *Mitridete, rè di Ponto*, receiving its American premiare in an English translation.

Riccardo Muti, Director of the Ravenna festival

SALZBURG
July 26 – August 31
5019 Salzburg, PO Box 140. Tel. 043-662-80-45.
The Mozart Bicentenary Year and the Salzburg Festivel were obviously meent for eech othar: as et Glyndebourne, all this year's Salzburg operas are by Mozart. The new productione era *Fluta*, conducted by Georg Solti, and *Figaro*, conducted by Bernard Haitink;the other opare conductore ere Riccardo Muti (*Don Giovanni* and *Cosi*), Colin Davis (*Tito*) end Seiji Ozawa (*Idomeneo*). The usuel luxurious mixture of concerts features (among others) Anne Tomowa-Sintow, Harmann Prey, Jessye Norman, José Carreras, Peter Schreier and Olaf Bär as recitalists.

SANTA FE
June 28Aug 24
PO Box 2408, Santa Fe, New Mexico 87504-2408 Tol: 505-982-3855
Santa Fa's mixture of old and new at the opera house in the desert is maintained this year with tha inevitebla Mozart production – e new *Figero* staged by John Cox – alongside Puccini'e *La fanciulle del Wast*, revivals of *Travieta* end Strauss's *Die schweigsema Frau*, and the Americen premiere of Wolfgang Rihm's fascinating *Oedipus*, first seen in Berlin in 1987.

SAVONLINNA
June 29 – July 28
Olavinketu 35, SF-57130 Savonlinna. Tel. 057-514-700
The main reason for e visit to the Finnish opera festival taking place in Olaf's Castle continues to be the place itself: e megnificent stone shall poised on the edga of e lake near the town of Savonlinna. This years's operas Includa e Finnish-lenguage *Bertered Brida* (new production), *Aida*, *Turendot* (in concert), end performences of *Don Giovanni* and *Rusalka* by e visiting Czech company; in the nearby smaller halls there is the usual pleasing mixture of song recitals and chamber concerts.

SEATTLE
Aug 3 - 24
PO Box 4246, Seattle, Washington 98104 Tel: 206 2921990
After last summer'e excursion into Prokofiev, Seattla returns to the repertory that has distinguished it over tha last decade, with e revivel of its *Ring* cycle in François Rochaix's production. There will be three presentations; thay will be conducted by Hermann Michaal, with Gudrun Volkert as Brunnhilde, Jan Blinkhof as Siegfried.

SPOLETO
June 26 to July 14
Associazione Festival Dei Due Mondi, Via Cesare Beccaria 18, 00196 Roma, Italy. Tel (6) 3219 288
Where would the Spoleto festival ba without Gian Carlo Manotti? His opera Goye heads the bill at the Teatro Nuovo, and he is staging Mozart'e *La nozze di Figaro* and *Apollo et Hyacinthus* at the Teatro Caio Melisso. Menotti's *Misse O'Pulchritudo* also features in the Piazze concert programme. Visiting dance companies include the Harlam Dance Theatra and the Monte Carlo Ballet.

TDK ROUND MIDNIGHT JAZZ FESTIVAL
August 26 - 30
Queens Hall, Edinburgh. Tel. 031 557 4446
Eight parformences era scheduled but unconfirmad. Sonny Rollins and Don Cherry have featured in the past.

THE OUTSIDE IN JAZZ FESTIVAL
August 30 - September 1
Crawley Hawth Centre. Tel: 0293 552941/553636
More outre than most, Outsida In is as likely to feature thrash metal as it le bebop. Most of the programme remains incomplete but Carla Bley, Steva Swallow and Andy Sheppard are confirmed.

THREE CHOIRS
August 18 - 23
33 Bridge Street, Hereford, HR4 9DQ. Tel: 0432-263101
Hereford thie tima for the peripatetic chorel and orchestral extrevegenza, with the thrae counties' choirs supported by the Royal Philharmonic and the Royal Liverpool Philharmonic, though the daytime chamber recitals are often just as rewarding. The centenary of Arthur Bliss is marked by e revival of his chorel eymphony *Morning Heroes* end his Introduction and Allegro, whila the Three Choirs staples – Elger, Vaughen Williems, Stanford – are faithfully represented too, along with contemporary conservatives like Joubert and Howard Blake.

VIENNA
Ends June 16
Vienna Festival, Lehargasse 11, A-1060 Vienna, Austria. Tel (1) 5861 6760
Wa are already well into this yeer's Vienna Festivel, but there is still time to catch the revival of Luc Bondy's production of *Don Giovanni*, conducted by Cleudio Abbedo at the Theater an der Wien. This year's programme is Mozart, Mozart end Mozart. For something completely different, try Peter Brook's French-language production of *Tha Tempest* at the Messepalast (May 22-24), Bruckner concerts conducted by Chailly, Barenboim end Pretre, end tha mejor Kokoschka retrospective.

WARSAW
Sept 20 - 29
Rynek Starego Miasta 27, PL-00272 Warsaw. Tal. (22) 310607
One of Europa's most importent festivals, the Wersew Autumn contemporary music festival has traditionally been e showcase for leading Polish composers. This year, however, the honours era spread more evenly spread between East end West Europe. Matthias Bamert will conduct e programma of Szymenski, Ligeti end Nono with the South Garman Radio Orchestre, end Zoltan Pesko will conduct the same orchestra and the RIAS Chamber Choir from Berlin in Dieter Schnebel's Dahlem Mass. Other visitors includa the Ensemble Kontrapunkte from Vienna and the New Vocal Soloists from Stuttgert. Tha Cracow Opere will perform Romen Palester's *The Death of Don Juan*, and Krzystol Penderecki will conduct music by Krzanowski and Shostakovich.

WEXFORD
October 24 – November 19
Theatre Royal, High Street, Wexford, Iraland. Tel. 0353-53-22144
This remeins one of the world's most remerkeble festivsls – genuinely festive on stage and off, end placed in e setting that never goes stale however often ona visits it. As ever the three operas chosan are from far off the beaten rapertory track (this yeer, as in those previous, tha choice is refrashingly wide-ranging); the performances take plece in e tiny theatre, mounted on e shoestring budget end with the combination of unquenchable enthusiasm and sometimes quite thrilling thaetrical expertise. Donizetti's *L'assedio di Calais*, Gluck's *La Rencontre imprévua* and Goetz's *Taming of the Shraw* (e favourite opare of Shew's) era the main fare, filled out with chember music end song recitals.

ZURICH
June 1 - July 5
Internationel June Festivel, Praesidialabteilung der Stadt Zurich, Postfech, CH-8022 Zurich, Switzerlend. Tal (1) 2163
If you don't care for Jemes Joyce or John Cage, there's not much in this yeer's June festival for you. The Opare House is giving e run of performences of Cege's Europares 1 end 2 – unusuel experiment or waste of time, depending on personel taste. There are severel Cege concert programmes, and he has also written music for e new work by the Marce Cunninghem Dance Company. Joyce, whose life and work wera closely connected with Zurich, is celebrated in a veriety of readings and stage performences.

TRAVEL

Merrie England

Hail, rain and clotted cream

***Angela Wigglesworth** takes an out-of-season break in Cornwall*

IT WAS getting dark when we arrived at our cottage for the weekend in the small village of St Issey near Trevose Head on Cornwall's north coast. Mrs Vincent from next door had lit a fire in the beamed sitting room and set a tray with Cornish cream, strawberry jam and fresh scones.

"It's very quiet here," she warned us, "all you'll hear is the owl at night and the cockerel in the morning." And so we did, for this was out-of-season Cornwall with empty beaches and no parking problems in villages that are clogged with cars in summer months.

"This," said one resident wistfully, "is how Cornwall once was, and it's a great place to be. Take a bottle of sherry and sit on the cliffhead and when the waves come crashing in you can hardly tear yourself away." In our two early-March days we had rain and a spattering of hail and a warm sun that glittered on the white waves surging up the wide sands of the river Camel estuary towards the little fishing port of Padstow.

St Issey (400 on the electoral register) has a village store, a dairy, a garage, a pub opposite the old church, a vicarage being turned into a nursing home, an antique shop selling "farming bygones" and a manor house that will provide your child with activities for the day if you want to go off on your own.

In Vera Hammett's tiny front room next to the pub, piano against the wall, you can buy gentlemen's winter vests, cotton bootlaces, slippers, tights, needles and cotton, scarves and socks. Some things are new, some not quite. "Most people go off to the towns in cars but I've got my regular customers for tights," said Vera.

Along the road to Padstow in the village of Mellingey (pop: around 20) Tiggy Old, a willow weaver, lives with his wife and 10-year-old son Jacob in an old mill house. Tiggy was out when I arrived but Jacob took me round the showroom with picnic baskets, chairs, cradles, magazine racks, laundry, dog and log baskets that his father makes and told me some of the old names like 'picker' and 'dropper' baskets, depending on whether you're using them to drop cider apples into or for picking potatoes up.

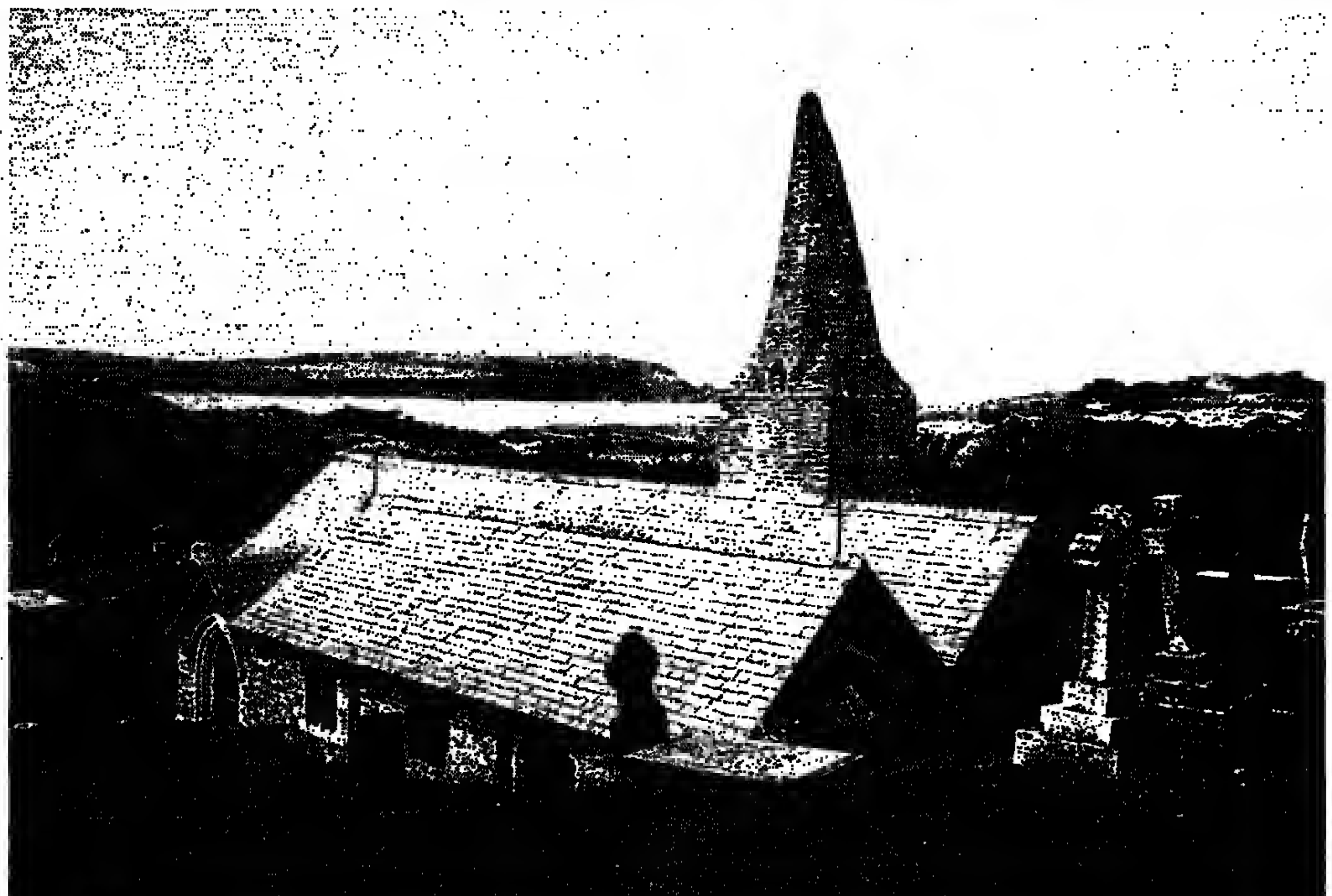
Tiggy, 50, was a roofing contractor for 31 years before deciding to change jobs. "You know, there's a time to admit you're not enjoying the work any more and you're not giving the service you should. And you think, well, I'd better do something else. But what do you do? I had this big building and seven acres of land, and crafts sprang to mind because I'm a physical man, not at all academic. A local advisory service sent along a lovely young chap who said it looked just the place to grow willows, and I spent a winter on the fifth floor of the mill learning how to make baskets."

He is proud of the fact that when the Royal Cornwall Association wanted a Cornish person to make a Cornish hamper and fill it with Cornish products for the Queen, they asked him to make it.

Padstow, in a narrow gully on the west side of the Camel estuary, has white-washed houses with bright-painted doors, winding narrow streets, cafes, restaurants, pubs and so many gift-shops one owner has simply called his "And Another One." You will probably find whatever you are looking for at the Strand Bookshop if you have the time to look, for books are crammed into every available ceiling-to-floor inch. "People wouldn't come in if we weren't untidy," said the owner.

Sir Walter Raleigh, when warden of Cornwall, lived in the Court House near the harbour and it must say something about the town today that the nearest police station is five miles away at Wadebridge. At the fisherman's co-operative on the quayside you can take your pick of live fish swimming around in a large tank, though most of the catch goes to foreign buyers who load up straight from the boats.

We walked along the cliff path from Polzeath, a holiday village with putting green, tennis courts and Fun Castle waiting for summer visitors. Like matchstick men in the distance, surfers were racing across the sand to the grey cold sea – the only figures to be seen on the wide beach where black mussels covered the sprawling rocks and black-backed gulls swooped overhead.



St Enodoc was one of the saints who came marching in to Cornwall after the Romans left. This church, which bears his name, is at Trebetheric

The path wound up and down beside a dry stone wall to Pentire point and the Rumps headland, a place where rocks spiralled into twisted pinnacles and Iron Age ramparts were once constructed. As we walked across the beach, hailstones spat on our faces.

When the Romans left Cornwall in the 5th century the saints came marching in. One of them was St Enodoc, over whose cave it is said the little 17th century church of the same name now stands in the middle of a golf course at Trebetheric (it is protected from chattering golfers by a surrounding hedge).

It is a peaceful place that in the 19th century lay derelict and almost buried by sand. There is a story that the vicar, who had to enter the church at least once a year to comply with ecclesiastical law, did so together with his congregation through a hole in the roof. Sir John Betjeman, who spent many of his childhood holidays in the area and is buried, as is his mother, in the churchyard, wrote poems about it in his *Summoned by Bells*.

Next day, the boats were bright on the water in Padstow harbour and the sun warm for Sunday strollers who were easy to lose as we walked alongside the Camel estuary by the submerged sandbank of Doom bar.

The hedges were splashed with the gold of early gorse, skylarks were overhead, there were cormorants on the water and in the great sweep of the empty bay, the wind whipped the spray into a white mist. Inland, the narrow paths were warm with spring, winter wheat pushing through the slate-edged fields, irises soon-to-be-yellow in the marshes.

In Cornwall out of season some shops and stately homes are closed but you can try your hand at harrowing at the Cornish shire horse centre, cycle the disused rail track from Padstow to Wadebridge, visit a tropical bird garden or a bonsai nursery.

Real Cornish pasties (pastry, a foot long, filled with chunks of steak, potatoes, onion and turnip) are hard to find, perhaps because, as one publican told me, you cannot make a profit in pasties. But we did track down some good ones at the 18th century Old Ships Hotel, often known as the Welsh embassy on account of its enthusiastically Welsh owners. For £1.20, the pastry was a meal in itself.

There are fresh pasties, too, at the delicatessen owned by Ricky Stein who, with his wife, Jill, has run the Seafood restaurant in Padstow for 15 years and provides the sort of meal one national paper food writer has said he would "crawl a mile on his hands and knees" for. The £22.50 dinner menu (plus *a la carte*) offers a superb three-course meal and coffee in a white-walled, picture-hung, brightly-lit restaurant with white table cloths, pretty cane furniture and hanging greenery.

Ricky Stein is a chef who believes in simplicity and in letting the taste of fresh food speak for itself. "A chap the other night said his grandmother made food like we offered. He was being critical but I thought that was great." Stein has 10 bedrooms above the restaurant with harbour and Camel estuary views, and in off-peaks months you can stay for a minimum of two nights for £42 per person per night, including room, breakfast and evening meal in the restaurant.

■ Angela Wigglesworth *was a guest of Helpful Holidays, Coombe, Chagford, Devon. Tel: 0647-433593, which has properties in Cornwall and Devon. The cottage Ms Wigglesworth stayed in sleeps four; prices range from £112 for a three-day break off-season to £342 for a week in high season.*

Travel News

It's summer – and the winter brochures are here

WITH summer yet to begin, and as many as 1m package holidays still to be sold, leading UK tour operators are still following tradition and launching their sun and ski brochures for next winter, writes David Churchill.

The good news is that prices across the board will remain virtually static, but this masks sharp rises in particular resorts and falls in others.

The strength of sterling in recent months, for example, has enabled operators to price Florida and Caribbean destinations much cheaper in real terms than last year.

Even better news for winter holidaymakers is that the leading multiple travel agents have decided to offer discounts on winter holidays if they are booked through them.

Pickfords and Lunn Poly have opted for straight discounts according to the value of holidays booked: both agencies, for example, are offering £75 off winter holidays costing £1,200 or more.

Thomson's winter holidays are already on sale, while Owners Abroad – which includes Falcon, Sovereign and Enterprise – puts its winter holidays on sale next week.

Direct sell specialist Portland Holidays (reservations: 071-388-5111) also launched a winter programme this week, but many small specialist winter sun and ski operators will wait until later.

Tour companies expect the traditional winter sun favourites – the Canaries, Portugal, Malta and Cyprus – to shrug off the impact of the Gulf war and sell well.

The greatest interest will centre on sun destinations further afield, such as Senegal, the Seychelles and Mauritius. Kenya, moreover, is expected to be among the leading long-haul destinations.

Thomson, for example, is starting new charter flights to Kenya next winter, with a seven-night holiday to Mombassa starting at £459.

The biggest seller will still be Florida.

BOOKS

To the museum born . . .

ONE OF Sir John Pope-Hennessy's most accessible books, based on his Mellon Lectures in 1963, is *The Portrait in the Renoissance.* "Portraiture" he said there, "is the depiction of the individual in his own character. The beholder of a portrait experieoces not a type or an idealised figure but a living, or once living, man or woman."

The definition applies, as this new book shows, just as well to biography and to autobiograpby, that form of self-portraiture in words which is what Pope-Hennessy has now given us. *Learning to Look* has the clarity and rigour we find in his works of art history. He pursues a childhood memory, or describes a foreign city visited for the first time, with the same scholarly exactitude that he devotes to the attribntion of a bronze or a drawing. This formality in the writing gives a piquancy to tbe intermittent personal asidas tbat enliven the text. For example, "Dinner *parties* in *New York* are very different from staid dinner parties in London. They are energizing and consist of people one wants to see".

Here, as so often, the author's private and his public self seem to merge with such completeness that it becomes impossible to distinguisb between them. Rarely can a contemporary individual have lived his vocation so fully. At various times Pope-Hennessy has beeo director of the V & A, director of the British Museum, consultative chairman of the Department of European Paintinga at the Metropolitan Museum in New York and a professor at the *Institute* of Fine Arts there, to mention only the top jobs he has held. Held, moreover, while concurrently undertaking scholarly investigations of the work of, among othars, Uccello, Raphael, Fra Angelico, Lnca della Robbia, Sassetta, Cellini, and into Italian sculpture.

The last-named is he says, "the aspect of my scholarly work by which I would wish to be judged". That will be for his peers to do. Meanwhile the ordinary reader marvels at such steady unremitting intellectual activity. Pope-Hennessy is one of those fortunate people who knew from a tender age *what he* wanted *to be and he* appears never to have deviated from that ambition.

As a boy be was obliged, because of his father's army career, to be frequently on the move – a useful training for someone who would later be combing Europe for works of

LEARNING TO LOOK
by John Pope-Hennessy
Heinemann £20, 336 pages

art. John and his younger brother James were the only sons of *Major-General* L.H.R. Pope-Hennessy who was British Military Attaché in Washington before the war. Relations were sometimes strained, particularly those between the Major-General and James. Pope-Hennessy discusses the temperament and work of his brother, the hiographer of Queen Mary, Trollope, R.L. Stevenson, with the same cool detachment that he applies to that of other contemporaries, and he does not falter when he has to speak of the terrible *days after the discovery of his* brother's brutal murder.

By then – fortunately – neither parent was alive. But when they were and the two boys were still living at home, it was Popa-Hannassy's mother, the formidable Dame Una, author of a best-selling life of Dickens, that gave him an inkling of the self-discipline that would be needed when he came to write his first book. He was presented with a typewriter for his birthday and was *made* to *type his* mother'a manuscripts on it. True, he was paid for the arduous task but fined for each spelling mistake. *(If she could read this* book, would Dame Una wish to fine him for all the American spellings – color, favorable, skeptical etc. – which the publisher has inflicted on Britisb readers?)

One of Dame Una'a friends was Logan Pearsall Smith who arranged for the young Pope-Hennessy to see Kanneth Clark. By the end of their meeting Pope-Hennessy had found a role-model and made a lifelong friend. When he went up to Balliol, Clark was then *curator of* the *Ashmolean* Museum and it was clear that this would be the world Pope-Hennessy would enter when he went down. He was already hard at work on his first Italian old master, Giovanni di Paolo.

From K. Clark to Bernard Berenson was but a short step. Here acceptance into the I Tatti circle was not instantaneous. Later, though, when Pope-Hennessy had become a fraquent guest, BB said: *"Unless you marry soon your* children will have a grandfather and not a father". Pope-Hennessy replied that "I was intended to be *celibate*, that marriage seemed to me a precarious and unhappy state, that it would involve putting in pawn everything I wish to do."

At times the book reads like an international *Who's Who* of art dealing, art sponsorship and art history. Amid hundreds of names of patrons, connoisseurs, scholars, collectors and museum officials with whom at one time or another


Sir John Pope-Hennessy: vocation lived to the full

the writer has worked, every so often there crops up someone with whom the lay reader will also be acquainted, at least by name. Among many people in Pope-Hennessy's good books were Jennie Lee when Arts Ministar; Bela Horovitz, founder of the Phaidon Press; Douglas Cooper ("I have", Pope-Hennessy confesses apropos of that abrasive individual, "a weakness for people who are intolerant – there are not enough of them *about*..."); David Carritt. Among the comparatively few people in his bad books are Margaret Thatcher and *Roy* Strong, *his* successor at the V & A.

For the insight it gives into the day-to-day running of the great national collections, the autobiography makes a contribution to cultural history. Whereas the BM is by origin a pre-industrial museum dedicated to universal knowledge, the V & A has its origin in the post-industrial society and was dedicated to the aim of maintaining high standards of design in the arts, manufacturing and commerce. Many unresolved problems confronting these museums can only be understood when they are viewed in this historical perspective. Pope-Hennessy speaks from great experience, but *with moderation*, on the thorny on-going question of whether a museum's top priority should be to facilitate scholarly research or to serve the public at large. So far as the administration of museums is concerned, Pope-Hennessy finds they order these matters better in the US where the great private patrons, like his friends the Wrightsmans, are represented on the board.

At 77 he seems happy to be out of it, retired now to his apartment in Florence, surrounded by his own private collection of works of art, each of which he identifies for us, and *his piano which* he sometimes plays. If anyone in their third age deserved a measure of self-indulgence, it is he.

Anthony Curtis

The rot sets in with salmonella

THE MUCH-maligned British civil service sometimes plays a master card. It was a stroke of near genius, *perhaps subsequently regretted*, to put forward the name of Bernard Ingham as press secretary to the oew prime minister, Margaret Thatcher, in 1979. Ingham was to serve with her *almost* from the start to the undeniably bitter end of ber premiership.

Not that he was without experience for the job. He had been a journalist for mucb of his professional life, working his way op from the weekly *Hebden Bridge Times* through the *Yorkshire Post* to the *Guardian*. He was also an experienced government information officer, having abandoned journalism to become press and public relations adviser to the old Prices and Incomes Board before moving on

KILL THE MESSENGER
by Bernard Ingham
HarperCollins £17.50, 408 pages

to serve "the other leading woman politician of the age" – Barbara Castla – at the old Department of Employment and Prodnctivity. Later he worked as chief information officer at the Department of Energy, first under Eric Varley, then Tony Benn.

By the time Mrs Thatcher came to office, he had become a normal civil servant – nothing to do with dispensing information. But it was clever of the top of the civil service to single him out as someone with whom the new prime minister could do business. Like her, he was *from north of* Watford: be was also blunt. And while he had been a natural Labour man from birth, he had become increasingly disillusioned by the abuses of trade union power. As has recently been demonstrated on television, Mrs Thatcher and ber press secretary sometimes made the same physical movements simultaneously.

That does not mean that be was qualified to write the best inside book on the Thatcher years. Even if he were, he has not attempted it. Anyone seeking *state* secrets, or even embarrassing revelations, should look elsewhere. Apart from a few passing references, Ingham does not reach 10 Downing Street until page 166. Even then, he fills the next few chapters with his reflections on what he thinks a prime minister'a press secretary and the media ought to be doing.

Power seems a long way away. A sentence like "I played little part in the build-np to the Anglo-Irish Agreement on 15 November 1985, except to try to keep reportage on an even keel" is all-too-typical, and probably true. Indeed the only area where one can detect that Ingham played a decisive role in policy – and it is not spelled out in detail – is the affair of trade union membership at the Government Communlcations Headquarters (GCHQ) in Cheltenham.

The then Sir Robert Armstrong, the cabinet secretary, had gone to great lengths to devise a non-strike agreement that would allow intelligence activities to be conducted around the clock for 365 days of the year without banning union membership altogether. I had always assumed that the rejection of the Armstrong compromise was imposed by Sir Geoffrey Howe. Ingham suggests otherwise. "I did my duty," he writes succinctly. "Union membership remains unacceptable." Oddly enough, it was the now Lord Armstrong who helped put Ingham in No. 10 in the first place.

For the rest, the book falls roughly into three parts: straight autobiography, an account of relations between the government and the press during his stewardship, and an apologia both for himself and Mrs Thatcher. He is not (always) withont a sense of humour. Anyone who can bead a chapter "Leeds: Gateway to the World" shows a comic awareness of how far he has come.

He can be notably polemical. He says that he concluded of Peter Preston, the editor of the *Guardian*, that he was "even dafter than I thought he was". Not to spare the mud, be adds that Preston has "long outstayed the welcome of his some of his staff". All that is occasioned by Preston's desire to withdraw his correspondents from the lobby system under which journalists take information from Downing Street without referring to the direct source. One cannot think that the workings of the system, which occupy so much of the book, are of great interest to the general reader.

Still, the book is not without droppings to savour. Ingham dates the decline of the Thatcher ascendancy from *December 1988 when Edwina* Currie, a junior minister at the department of health, "scrambled her eggs with an excessive amount of salmonella." After that, he notes, "nothing went right for the government". His own job switched from being like the goalkeeper for Liverpool, who scarcely ever saw the opposing forwards, to goalkeeper for Halifax Town at the bottom of the fourth division.

The best chapter is the last where Ingham describes the downfall. Perhaps significantly he heads it "The Undefeated". Clearly he saw it coming but, like everyone else close to Mrs Thatcher, failed to tell her. She had stayed too long: her problem was not so much in the country as in the Tory Party, whose disaffected tail was forever growing. Tbere were also the problems in the party about Europe. Possibly, Ingham suggests, she only got away with it for as long as sha did because she was a woman.

It is a pity that he did not write more sections like this. It is said that his book suffers because it was censored. Rubbish and, to borrow a phrase, bunkum and balderdash. It suffers from being too long, too hastily written and totally unedited.

Malcolm Rutherford


Sir Bernard Ingham: his appointment as Mrs Thatcher's press secretary was a stroke of near genius

Keep the Cold War freezing

THAT JIM Angleton was a rum cove became apparent to anyone of even minimal discernment after five minutes in his company. Longer periods of contact could be unnerving. This reviewer recalls five hours spent amidst the utter gloom of the Army and Navy Club in *Washington*, endeavouring to discover why Angleton remained so bitterly hostile to Oleg Penkovsky 20 years after the event. To emerge into the humid summer night was to escape from a seance whose medium heard messages of communist penetration into all things American which he was obsessively determined to transmit to presidents and directors of Central Intelligence. By comparison with Angleton, J Edgar Hoover

COLD WARRIOR
by Tom Mangold
Simon & Schuster £17.99, 403 pages

was a relatively moderate fellow, Joe McCarthy was a mere beginner, Peter Wright – purveyor of titbits about Harold Wilson and the like – a bungling amateur.

Yet Angleton was for 20 years (1954 to 1974) the Agency's Director of Counter-Intelligence, being fired by his old opponent, Bill Colby, ostensibly for poaching on the FBI's domestic territory, but in real*ity because although the care*taker President Ford had declared "détente is dead", wiser heads in Washington were datermined to keep it alive. During 20 years of power, Angleton had done his considerable best to fight the Cold War by blocking any and every State Department attempt at opening up covert channels of communication with the Soviet Union.

Angleton used defectors – to whom he became a weird kind *of father confessor* – *for* spreading disinformation about what the Soviet Union was "really" doing now and was "really" capable of doing next. He did not always succeed – Penkovsky is *the* case in point – but he distorted perceptions of Soviet policy and subversive capacities to an extent which the US allies and intelligence services in liaison with the CIA eventually found incredible, yet uniquely dangerous.

Angleton's legacy was not only Reagan'a "evil empire" of the 1980s but a malign influence on a generation of American academic strategic analysts *who, from the early 1970s*, joined forces with committed opponents of the Soviet Union to fight détente by every *means whicb came to hand.* Colby was right to fire Angleton, hnt it had taken an awfully long time before anyone found the courage to do so. (In extenuation, it may be said that the CIA was not only bermetically-sealed from the real world ontside Langley, Virginia, but operated internally on what might be called the "no need to fire" principle, as is made clear in the recently-published official history.)

Tom Mangold tells this grim cautionary tale, not only in necessarily grinding detail about the dingy, and sometimes bogus, defectors whom Angleton harboured, but with a vary fair psychological understanding of his subject'a paranoia. But Mangold fails the litmus paper test, which must be passed if the otherwise *tedious subject of intelligence* and security operations is to be publicly narrated and analysed with any conviction: he fails to put *Angleton's* paranoia in historical context, one in which the Cold War was not, to those of Angleton's persuasion, a mere element in politics, but a crusade which would only end in the final dissolntion of Soviet communism, and of Russia as a great power.

Setting aside the argument, or the possibility, that this *stage in modern history* has now been reached, the crusade in question has British origins, a *fact* which makes the detestation *felt for Angleton in the* Secret Intelligence Service the more interesting, and revealing. Mangold could have made much more than be does of Angleton's years at Malvern; his OSS spell in London – where, not noted by Mangold, he ferreted into trades union activity; his friendship witb Philby.

Angleton's paranoiac anti-communism was partly rooted in his Anglophile tendencies and his belief – until, as he *saw it*, the *rot set in – that the* British Establishment fought the Cold War more severely than its American counterparts. Angleton never understood Churchill's support, such as it was, for Tito; he remained loyal to Mihailovic, about whom he knew nothing and with whom he had nothing to do. Even recruiting *fascists* in Rome – not hunting them, as Mangold supposes – failed to satisfy Angleton'a particular needs.

Angleton was right in his assessment about Britain and the Cold War, at least for the years between 1942 and 1956, the *latter* the *date*, not coincidentally, of Dick White's advent as "C". Thareafter, although acquisition of intelligence about the Soviet Union remained the priority requirement given to SIS, crusaders were notable by their absence. Angleton's paranoia increased as a result. Philby had fooled Angleton because he seemed so wonderfully type-cast as the Leslie Howard Englishman who fights the Reds; his departure for the Soviet Union in *January, 1963*, hurt *Angleton a* good deal, as Mangold rightly stresses. But by 1963 Angleton had shot his bolt; despite all *his* efforts, *détente* became for a decade a fact of life.

So much for the last of the cold warriors. We should not, perhaps, be too hard on Angleton, a romantic, who lived in a time warp. He was, after all, a member of the Kipling Society, recruited – the word seems inescapable – by a former luminary of Century House who sensed, maybe, his quarry's need for a cause.

Anthony Verrier

Fiction

Send in the dons

KING'S PARADE, Simon Sebag Montefiore's first novel and a send up of university life in the 1980s, is exuberant, occasionally funny, and cevalierly bad. It should carry a bealth warning: if you knew Sebag at Camhridge, it is very likely he has pnt you in his novel. *Who is Andrew Nero*, Drippy Macduff-Switlle or the mysterious Dr Tombs? Knowing the vanity of dons, I suspect that this *roman à clef* could be as hotly debated on High Table as among Sebag's friends. But I reveal no names...

It is tbe summar of 1987: share prices as well as the undargraduate sap are rising. After power broking in the Union and philandering at May Balls, Jesse Bahylon, the book's hero, even finds time to belp with an illegal share-support operation in the City on a holiday job. *He* gets his comeuppance, *though*. AIDS is the *deus ex machina* of most "that was the 1980s, that was" novels nowadays. The jokes are generally heavy; the prose is as comfortable as riding a camel. But there is an innocence and a searcb for heroes buried within the book which help justify the dust jacket's description of it as a "celebratioo of life."

KING'S PARADE
by Simon Sebag Montefiore
Hamish Hamilton £14.99, 265 pages

ILLUMINATIONS
by Maureen Duffy
Sinclair-Stevenson £13.95, 24 9 pages

THE BATTLE FOR CHRISTABEL
by Margaret Forster
Chatto & Windus £13.99, 266 pages

In Maureen Duffy's latest novel, *Illuminations*, Hetty Dearden has taken early retirement after an unhappy affair with the male head of the history department at the college at which she lectured. She is asked to attend a conference in *Germany, where the subject is* to be Europe: Past and Present. While researching, she comes across an intriguing series of letters from an eighth century nun, Tetta, wbo had also made her way to Germany to take up her new position as the head of a religious foundation in Charlemagne's untamed Europe. When the 52-year-old Hetty *finds she falls* in love witb Helga, tbe type of beautiful young academic, I suppose, who is always bouncing up to one at conferences witb her nipples showing suggestively througb her tee shirt, sba ambarks upon *an emotional* journey as momentous as the spiritual quest of the eigbth century nun wbose diaries intersperse the story.

When Hetty finds herself ambroiled hy Helga in the political activism of the new Germany, the surveillance of the CID beck home seems as sinister as thet of the Stasi. As Charlemagne's empire rediscovers *its ancient historical* boundaries, the novel seems to ask whether a new dispensation is conceivable, in which love and *tolerance* flourisb. But by the time Hetty and the ntterly unbelievable Helga have ended up in a French cottage planting vines and sowing seeds, it seems all delightful fantasy.

In Margaret Forster's novel, *The Battle for Christabel*, fantasy is one word for the determination of Rowena, 30 and feckless, to have a child without putting up with the subsequent bother of a father. After tbe kindly Amos has balped out, he returns to Barbados to comfort his bereaved mother and is promptly told to stay there. Rowena has got her child, but *after she dies in a* climbing accident, to wbom does it belong? Her indomitable Scottish grandmotber, unable to adopt, thinks she has the right to decide; the social workers think they know better; the foster mother, a powerful figure, has her own very firm ideas. In the middle of it all is Rowena's friend, Isobel, the book's narrator, who *late* on decides that she would like to do tha adopting and gets married to try and manage it. As the characters battle for possession of Christabel, Margaret Forster catches every *note and nuance of good* intention, misplaced motive and downright selfishness. All *in* all, a remarkable achievement.

Mark Archer

Metaphors of being

A DELICIOUS feast that leaves you hungry, Milan Kundera's latest entertainment is a novel only in the sense that it is fiction, a work of fancy and imagination. That it tells a story, of sorts, is of secondary importance. It does not engags the emotions, hut it *does wrestle the* intellect to the ground. Its characters are symbols, metaphors, shadows, not real people; its plot is a jigsaw, an *irrelevance*, a contrivance within which Kundara can indulge himself, and invite the pleasurable self-indulgence of the reader.

We do have the triangular relationship between Agnes, her sister Laura, and Paul, who marries first one and then the other. There is a daughter, Brigitte, and, for Laura and Agnas, at least one lover apiece, Bernard and Rubens. Tbe latter anters the scene once, very late in the reading, and then vanishes again. These interpersonal affairs are minor matters, perhaps material for a film, in spite of Kundera's *insistence* (he is a character in his own book) that what be is writing about is "impossible to recount." We must presume either that he earned sufficieot royalties from the film of *The Unbearable Lightness of Being*, *or that he has no interest* in wealth, or that he is dissembling, and allowed for a little bit of cinema in his pastiche.

He tries to explain himself. "The present era grabs everything that was ever written in order to transform it into films, TV programmes; or cartoons. What is essential in a novel is precisely what can only be expressed in a novel, and so every adaptation contains

IMMORTALITY
by Milan Kundera
Faber and Faber £14.99, 387 pages

nothing but the non-essential. If a person is still crazy enough to write novels nowadays and wants to protect them, he has to *write them* in such a way that they cannot be adapted, in other words, in such a way that they cannot be retold."

What can I tell you? Aboot the intriguing after-death conversations between Goethe and Ernest Hemingway? The latter is eventually put in his place by the great poet's reprimand: "'Don't make a fool of yourself, Ernest... You know perfectly well that at this moment we are but the frivolous fantasy of a novelist who lets us say things we would probably never say on our own." Or about the evocations of Western modernity, its suffocating pressure of people and cars, its rude Paris taxi services and the impossibility of enjoying a vision of a cathedral?

The truth is that we have here the product of a coruscating central European intelligence addressing itself to the eternal questions of the nature of existence, love, individuality, death and those other little *matters that cross most of our* minds from time to time. Kundera is obsessed witb these but cannot quite take any of them seriously for very long. He plays on them in a bundred ways, using plot and digression, aphorism, musical debate, art criticism, anything that crosses his path. Individuals are not really individuals; *some of us, like Agnes*, are certain that we are alone in a world of aliens; what happens inside one's head may seem unique but is in fact commonplace. Ousted out of context he may appear to be a candidate for Pseud's Corner; in a proper read, which should be taken in sips, he is hugely enjoyable.

At one point Avenarius, a friend of Kundera's, an anarchistic professor who slashes tyres, asks what the novel they are both sitting in will be called. *The Unbearable Lightness of Being*, replies the author. Avenarius says he thinks someone has already written that. "I did! But I was wrong about tha title then. That title was supposed to belong to the novel I'm writing right now." Actually Kundera is mistaken. The correct title for this tasty confection of meaningless insights is *The Book of Laughter and Forgetting*.

Joe Rogaly

New York Saleroom/Homan Potterton

Mixed bag for May

WITH SOTHEBY'S and Christie's still reeling from the fairly disastrous results of their big New York sales of Impressionists and Contemporary Art a week or so ago, and Memorial day – the official start of the American three-month vacation period – just a week away, one might be forgiven for thinking that this year's auctioneers' season in New York was by now a thing of the past. Not only that, but a past that us best forgotten.

But, between now and the end of the month, New York will witness a plethora of the paintings' sales, ranging from Old Masters to 19th century European to American. The merry month of May, it seems, is the time for such sales and not just as Sotheby's and Christie's but at the smaller William Doyle Galleries as well; its modern and European paintings and sculpture auction takes place on the evening of May 22.

While both Sotheby's and Christie's were rather apologetic about the scale and content of their sales, of the Impressionists and Contemporary Art – the Gulf War was somehow a factor – neither auction house seemes to have had any difficulty assembling perfectly respectable collections for the forthcming pictures sales. But first of all, what about those Impressionists and Contemporary sales – the glamorous boom market of not so long ago – that took place earlier this month? "The session continues", "Another meeting," and "Bargain prices", were just some of the headlines and the facts were as follows. Sotheby'a pre-sale estimate for its Contemporary Sale was $24m-33m: the actual total was $21.9m. Christie's estimated $15-20m for its sale: it totalled $11m. As it turned out these results were good by comparison with what happened at the Impressionists sales a week later. Pre-sale Sotheby'a was looking for $32-44m: the auction realised $18.2m. Christie's had hoped for $34-47m: it took in $22.4m.

The upcoming paintings sales' debut with a huge sale (over 700 lots) of American and European on Tuesday May 21 at Christie's East, the Manhattan version of Christie's South Kensington. Such a sale is, by definition, very mixed: lots of minor works by Italian French and British artists – some known, some unknown – and thrown in among them items like two pencil studies by Delacroix (est $2,3,500).

Next day is Sotheby's sales of 19th century European paintings, drawings and sculpture. There are several late pictures by Corot, who is now enjoying something of a revival, in this sale. Top estimate, for quite a small picture is $4-600,000. Also small is a very fine water colour drawing by J-F Millet (estimate $3-400,000) while several good "country realist" pictures by Jules Dupré have estimates of up to $150,000. Another mainstream realist, Hugh Breton, is also represented.

The 19th century "names" which have attracted most attention (and the fanciest prices) over the past few seasons are Bouguereau, Jean Beraud, Jean-Leon Gerome, Boldini and the Spanish painter who is well-known in America, Joaquim Sorolla. Sotheby's, although lacking a really exceptional picture by any of these artists, has examples by all of them in next week's sale. From the British School there are two typical scenes by Atkinson Grimshaw (estimates $30-60,000); a pre-Raphaelite "Endymion" by Arthur Hughes ($3050,000); an Orchardson that once belonged to the important collector, Lord Leverhulme ($20-30,000); and a bead and shoulders stndy of the Model Nana Risi by Lord Leighton (estimate $1-150,000).

Christie's 19th century sale is less strong. They are offering a multi-media sculpture and two canvases by Gerome; a "Eunoch in the Harem", (estimate $100,000) and a large "Venus Rising" (estimate $150-250,000) – a picture that was sold at Sotheby's in New York in 1983 for $48,400. The Christie's sale is strong in bronzes by Barye and sculptures by Carrier-Belleuse while the Corot representation includes an absolutely delightful tiny figure study that dates from the artist's years in Italy (est $60-80,000).

Christie's auction of American paintings inclndes a single-owner sale: 150 pictures belonging to Mrs George Arden. The collection ranges from an early portrait by John Trumbull through various Hudson River landscapes to a large group of animal studies by the American Landseer, Arthur Fitzwilliam Tait. Childe Hassam and William Merrit Chase are the big names in Sotheby's American sale which concludes with a group of fine watercolours by Andrew Wyeth.

Christie's, which abandoned its sale of Old Masters last spring, has assembled a large catalogue of over 250 works for May 21. A strong representation of Italian painters will guarantee the attendance at this sale of the scores of Italian dealers who of late descend on New York in pursuit of reasonably priced Old Masters; and one may confidently expect that the beautiful architectural *Capricci* by Panini (estimate up to $100,000) and Codazzi (estimate $15-25,000) as well as an exquisite view of the Bay of Naples with the ambarkation of Charles III by Joli (estimate $3-500,000) will be heading back to Italian shores. The same fate is likely for a fine Marieschi of the Piazza San Marco (estimate $4-600,000). There are also some fine Italian baroque pictures: a Strozzi "Annuciation" (estimate $80-120,000); a Cagnacci "Allegory" ($2-300,000); and an important "Act of Mercy" painted in Rome by Michael Sweerts (estimate $3-500,000).

The two top lots in Sotheby's Old Master sale on May 30 – a "Portrait of a Man" by Franz Hals and a "View of the Grand Canal" by Canaletto – are being sold by the Kimbell Museum, Fort Worth, an institution that even by American standards is more vigorous in its de-accessioning than many others. Called in the catalogue the "Property of a Southwest Foundation" the pictures are estimated respectively at $750-950,000 and $1m-1.5m. As the Hals was purchased in 1965 for $206,000, the Kimbell is obviously trading up. And in today's market, what is wrong with that?

Records

Bootlegging it all back home

BOB DYLAN will be 50 on May 24, and alongside the celebratory avalanche of books comes Columbia's rich assemblage of recordings, the stuff of so many rumours and pirate editions in tha last two decades. The 58 tracks rehabilitated here range across the whole of Dylan's career, from "Hard Days in New York Town", recorded in a Minnesota hotel room in 1961, right up to "Series of Dreams", an ont-take from the *Oh Mercy* album released in 1989. There are demo discs from the early 1960s, such as the piano version of "Times they are a Changin'", prototypes of songs that were to emerge in very different guises – a truncated first run-through of "Like a Rolling Stone" wedged into a 3/4 waltz rhythm, a stunning electric thrash through "When the Night comes falling from the Sky" – as well as songs that he'd left to others to record, most notably "Farewell Angelina", made famous by Joan Baez and appearing here complete with an extra surreal verse, and "If not for You", given to George Harrison.

Not everything on the set is of such interest or such a standard – there is for instance, s lehoured account with The Band of "I shall be released" that has more nostalgic than musical value – but why Dylan should have chosen to suppress some of the tracks here is utterly baffling. "Blind Willie McTell", recorded with Mark Knopfler during the *Infidels* sessions in 1983, is unquestionably one of his greatest songs, a profound tribnte to the urban blues tradition from which he had learnt so much, yet it has never appeared officially before, and there are at least another dozen, a standard album's worth, that are out of the top drawer too.

If by definition this set is tangential to Dylan's development, and the milestone LPs – *Highway 61 Revisited, Blonde on Blonde, Blood on the Tracks, Oh Mercy* – will continue to chart the authorised account of his musical pilgrimage, this first volume of the Bootleg Series (with a second promised of the live concert recordings) offers a fresh slant on an extraordinary achievement, and a musician capable of constant renewal. And it refutes convincingly the notion that Dylan is a great songwriter but a lousy singer – the best of the performances, angry, trenchant, inspired, stamp the songs indelibly and definitively. If the hopelessly erratic stage appearances, incoherent interviews and alarmingly variable new albums have tarnished the image sometimes, it is thrilling to heve Dylan's uniqueness confirmed again. The recordings come with a superb set of notes from John Bauldie, which represents rock scholarship at its most valuable and least pretentious.

Even if she has never managed to renew herself quite as vividly as Dylan, Joni Mitchell has survived more than 20 years with her distinct sensibility intact. I suspect every Joni Mitchell fan cherishes the hope that she will yet produce another album to match the best of her confessional, acoustic daye, something to set alongside *Blue* or *The Hissing of Summer Lawns.* But in recent years she's tried to steer a course through the borderlands between folk, jazz and funk; in 1988 she produced the thoughtful *Chalk Mark in a Rain Storm*, and repeats much of the same mixture in Night Ride Home.

Yet the vocal lines still snake and slide as elegantly as ever, the harmonic progression have their own logic, and if the result sometimes seems too immaculately manicured, the lyrics can still be stiletto sharp. Mitcbell's setting of Yeats' "The Second Coming" is puzzling, but at least shows off the baroque loops of her vocal lines, while "Come in from the Cold" reveals a 40-something casting a beady eye on the idealisms of ber youth – "We really thought we had a purpose, We were so anxious to achieve" – and "Cberokee Louise" is a dark little tale of child abuse. Despite the laid-back riffs, the album goes out on a note of quiet introspection, definitely looking back rather than forward, anxiously rather than with optimism.

Roger McGuinn may not have released an album for more than a decade, but the first 12-string guitar chords of *Back from Rio* make the connection: almost every track has tbe sound that McGuinn stamped upon The Byrds in the late 1960s, and which has been much imitated since. With the help of the likes of Tom Petty and Elvis Costello, the new songs are invariably polished, but do nothing to extend McGuinn's range. Only one number threatens to break the mould: Costello's own "You Bowed Down" is a characteristically acid piece of recrimination which McGuinn sings splendidly, yet without ever suggesting tbat he is totally involved.

REM's *Out of Time* on the other hand moves into genuinely new territory for a band that already could do little wrong on the college circuit, and made contact with a much wider audience with its last album, *Green.* There is a pared-down feeling to many of the numbers, with more directness in the lyrics as well as is in the presentation. Edges are smoother, the arrangements often lusher, and there are conscious echoes of the 1960s, inclnding a topical piece of brooding Doors-iana and even some touches of surfin' harmonies. Everything about REM is impressive; while the point of some of the songs remains as obscure as ever, the sure shape of each number and the adroitness of the melodies are consistently effective.

And so finally to Green on Red's unavoidably enjoyable Scapegoats. This two-man outfit learnt a lot from Dylan and The Band, and is even more obliged to Neil Young, yet comes up with a brand of folk-rock thet never takes itself too seriously, and deals with just the things every self-respecting red-neck rock band cherishes most – the heat and the dust, the relationships that turn sour. With the volume turned up it makes a mixture that's hard to resist.

Andrew Clements

Boh Dylan: *The Bootleg Series 1961-1991.* Columbia 468086 2 (three CDs)
Joni Mitchell: *Night Ride Home.* Geffen 9 24302 2
Roger McGuinn: *Back from Rio.* Arista 261 348
REM: *Out of Time.* Warner Bros 7599-26496-2
Green on Red: *Scapegoats.* China WOLCD 1001

Metropolis art

Robin Duthy on the exhibition in Berlin

THE EXHIBITION at the Martin Gropius Bau in Berlin (until July 21) was called *Metropolis* partly to establish a link with Fritz Lang's 1926 film that looked to a Utopia in the year 2000. But nothing remotely Utopian is heralded by the 72 artists from 20 countries whose work Norman Rosenthal and Christos Joachimedes have brought together in an important and seminal exhibition.

The curators' main aim is to show the art they believe will be important in and for the 1990s. They offer too a recapitulation and context for the new art on view by showing the work of eight artists who were "fathers" to the present generation. In the art-world's hectic time-scale, a generation means around ten years, and so makes old-timers of Baselitz, Richter, Nauman and others now in their fifties.

Metropolis is timely, coming just ten years after the same curators (with Nicholas Serota) gave us *A New Spirit in Painting* at the Royal Academy (and *Zeitgeist* in Berlin in 1982), an exhibition that scraped into the programme against strong opposition from the RA die-hards.

Two central points about the art of the 1980s are implicit in *Metropolis.* One is that painting, as generally understood, is in retreat as artists have turned to other media in their struggle to communicate. It is as if the language of art had appropriated rich new dialects and they are manifest in the use of photography and video, and materials ranging from neon-lights to human hair. Most of the works are installations, multi-media sculptures or environments. A few paintings are still there, yet their surface is often so densely and violently worked that even they seem to be breaking into the third dimension.

The other point the exhibition rams home is that to judge whether art is good or bad has become meaningless. All that matters is how powerfully or subtly the artist can make his work resonate in your mind. Dietmar Kamper, who contributes a valuable essay to the catalogue, said in a recent interview that art "now presents itself as grappling with the dread that we could forfeit all connection with other human beings as a result of lack of shared perception".

Yet judged overall as a creative entity the show is provocative and rewarding. The atrium of the Martin Gropius Bau houses four of the most memorable statements. Centre stage is Ian Hamilton Finlay's eerily powerful installation *Cythera* – a configuration of 14 seven-foot-high columns of concrete and granite, arranged, according to Finlay, as a pergola. A trellis-like superstructure runs above the columns which are plugged with blue neon-lights formed as the words, in English and German, "A Barque in Leaf-Blue Air". Here for certain are the "layers of meaning" critics speak of when stumped. Yet perhaps the structure can be read as a pier, where we wait in vain to embark for Aphrodite's island paradise. Indeed, that may be Finlay's joke, for this is the departure point for a tour that takes in a series of harrowing encounters.

In the course of it there will be exhibits whose point you have missed; conceptualist bunk; the equivalents in art of the sardonic aside; poignant moments as in Dimitri Perigov's installation, possibly a memorial to Tiananmen Square; a number of "green" installations; images that disturb and provoke, and a handful of real gobsmackers.

One of these is Jonathan Borofsky's grotesque 30-foot *Ballerina Clown*, already the focal point and mascot of the exhibition. The sinister creature in bearded mask, red hat and nose, tutu and elbow-length white gloves makes a single absurd leg movement in a travesty of dance, while Borofsky's own voice is heard chanting "I did it my way." This is at once tha incarnation of absurdity and a potent piece of art.

Round the walls of the atrium are images by eight artists who make use of photography, including Cindy Sherman, Fischli and Weiss, and Yasumusa Morimuro in whose *Playing with Gods*, Sindy dolls with detached heads are projected in a hideous parody of Western art on to blown-up photos of Cranach's *Crucifixion.*

Is a joke just a joke or has it a role in serious art? Richard Prince incorporates written jokes into strange collages of photographs – here of boxers – and doodles of windows, lamps and beds. "There's nothing to interpret," Prince tells us. "There's nothing to appreciate. I wanted to point to it and say what it was. It's a joke". *Metropolis* aims to show us where the goal-posts will stand in the 1990s. Many will think the curators have placed them so far apart that any shot will score.

Delicate Delacroix

Homan Potterton reviews the exhibition at the New York Met

FAMILIARITY with Delecroix'e most famous paintings, the huge canvases in the Louvre – "Liberty leading the People", "The Barque of Dante", "The Death of Sardanapalus" and the "Massacre at Chios" – might lead one to dismiss the current Delacroix exhibition at the Metropolitan Museum, New York (until June 16) as a modest affair. There is nothing in the show as spectacular in scale as any of the Louvre pictures, and indeed they only work in approximately the same style – the Met's own recently acquired painting of an American Indian couple, "The Natchez" – has been left in its permanent home in the 19th century galleries around the corner from the exhibition itself.

The exhibition, *Paintings, Drawings and Prints from North American Collections*, consists of a mere 14 oils and two rooms that are packed with about 70 drawings and some 30 prints.

Eugène Delacroix (1798-1863) was France's principal painter of the Romantic movement although the artist himself was unhappy with such a label. "If by Romanticism" he declared "one understands the free display of my personal impressions and my repugnance for the types invariably admired in the schools and for academic formulas, I must confess that not only am I a Romantic, but that I was so even at the age of 15".

Delacroix was a brilliant colourist – there is no appropriate word to describe the distinctive shade of blue that is the hallmark of his palette – and he derived his style form Rnbens and tha great Venetian colourists, Titian and Veronese. He was proud of such a role, "painters who are not colourists are illuminators, not painters", he said: "Colour gives the appearance of lifa". Becanse his compositions appear to have been created with swirling brushwork in brilliant hues, it might be assumed that he had no interest in dranghtsmanship: indeed contemporaries, sensitive on this account. In doing so they had in mind the neo-classicism of his rival and contemporary, Ingres, whose "correct" drawing, high finish and ideal forms were the very antithesis of Delacroix's exuberant, unrestrained, and crowded compositions.

The Met's exhibition lays to rest any notion that Delacroix either could not draw or did not draw. The apparently freely-finished oils are tha product of careful preliminary composition sketches, *modelli*, and painstaking studies for the figures. A number of the drawings in the show are for his most famous pictures but what impresses most is the sheer range of technique and styles to be found among the water colours and drawings. There is a portrait of the artist's friend, Frederic Villot that is worthy of Ingres in its tight precision: finished water colours of Arabs, dating from the artist's visit to Morocco in 1832, that approach Liotard; pencil drawings of horses which might be Gericault, and pen-and-ink studies in the manner of Rubens. A copy drawing after Veronese has the likeness of Tiepolo.

Delacroix's 'Wife of Abraham Benchimol and one of their Daughters'

If Delacroix "loathed academic formulas" it does not mean he despised anatomy as a number of sheets in the exhibition demonstrates. Most surprising of all are the watercolours, some them highly finished. These really seem more English than French: Peter de Wint, David Cox, and Richard Parkes Bonnington come to mind. But then Delacroix, while employed during the 1840s and '50s in large-scale decorations commissioned by tha State for the Palais Bourbon, the Palais Luxembourg, and elsewhere, remained interested in the "lower" art form of watercolour which he had discovered on his visit to England in 1825. Like most of his contemporaries in France he admired Constable's freshness; and he was a close friend of Bonnington.

Having adjusted to the scale of the Met exhibition and revelled in the virtuosity of the drawings, it pays to return to a study of the paintings. The Met's own "Abduction of Rebecca" is a highpoint and by now one knows that this apparently freely painted tangle of bodies has been carefully composed and drawn; that the dashes of red – from the armour in the foreground to the flames leaping from the sacked castle in the background – which unified the composition are carefully contrived; and that even the choice of subject – from Scott's "Ivanhoe" – is a prodnct of Delacroix's scrupulously learned approach to his art.

He sought unusual subject matter and looked to Shakespeare, Scott and, above all, Byron for subjects which allowed him to indulge a love of exoticism: Byron's "Bride of Abydos" form the Kimbell Museum in Forth Worth a small picture – is one of the most delightful exhibits and it demonstrates that Delacroix did not necessarily need the acres of canvas which he used for his great Salon paintings. An "Arab Skirmish" from Washington takes place in a beautifully-rendered (and classically composed) landscape; and two versions of "Christ on the Sea of Galilee" (one from the Met, the other from the Walters Art Gallery in Baltimore) are studies in tones of green tbat are ravishing examplas of what Delacroix meant when he said "Banish all earth colours" and "the enemy of all painting is grey". A "Crucifixion" (also from Baltimore) is one of the most moving images in the exhibition. It dates from 1846 and is, therefore, soma seven years earlier than the picture of the same subject in the London National Gallery.

The exhibition, which seems to have been planned by way of a salute to one of the Met's benefactors, Karen B Cohen, does not include every painting hy Delacroix from North American collections. Mrs Cohen, according to the catalogue, "is the most active private collector of Delacroix drawings in any country and has assembled over 15 years the largest single body of works (by Delacroix) in the US". She has lent generously to the exhibition but the Metropolitan Museum's Department of Prints and Drawings is also rich in the artist's work and it is the opportunity to enjoy that collection, normally out of sight in the print-room, that makes tha exhibition so worthwhile.

Radio

Whose rite is it anyway?

ONE MAY blithely be married by a registrar, a ship's skipper, even an Army officer (I've married a few couples mysalf), and no word about religious belief. So why, asked Chris Dunkley in *A Secular Ceremony* (Radio 4, Wednesday), must a funeral be a religious rite? The programme centred on the specific problem of Anna Losley, upset by her father's laboured obsequies and (less relevant) the badly-conducted funeral of a cremated aunt. She wanted a service to be just an occasion for friends and family to express their esteem together.

She was not alone. Even the church, in the person of the Rev Don Cupitt, conceded that funeral services might display doctrinal difficulties, conflict over rites, perhaps a lack of belief by some of the congregation. He felt, though, that a new ritual would be no help; some form, perhaps simpler, of the existing service would probably persist. Dusty Miller, of the humanist group Cruise, was more practical. He called for a personal ceremony focussed on the deceased, with appropriate readings to replace hymns, and an address evaluating the dead person's life.

This was virtually what Anna Losley chose for her mother's fnneral – music, an address, some readings (by family) and a "finale". It sounds much like those memorials to the eminent many of us have been to. Two further programmes are to cover birth and marriage, followed by a fourth, a final discussion. "Final" on radio, anyway.

Three such services were held this week. On Sunday, Radio 4 celebrated Richard Tauber, whose centenary fell last Thursday, with relevant music and recollections. On Tuesday, Radio 2 began a three-part celebration, with memories by nephew Henry Tauber and a greater accent on the popular element of the repertoire. Radio 3 joined in on Wednesday, including in their *Vintage Years* duets with Lotte Lehmann and Elisabeth Rethberg. It was all secular. In his other radio life, on *Feedback*, Chris Dunkley dealt with some comments on Radio 5, a channel I know I seldom mention in this column. This commonly gives children's programmes in the early evening, so I tried *Mission Investigates* on Tuesday, a series about a detective called Ed Mission with an assistant, Ginger, who is a computer. My tape of this week's tale was faulty, but I can let you in on next week's. Dinah Shaw and Dr Dactyl ("call me Terry") encounter a live dinosaur on Lake Windermere. But Dactyl has just been sacked from his joh, and a dinosaur skull is missing! Etc. On Thursday at the same hour began a two-part story by Wendy Lee about *Benjamin Black*, age 7, a little beast who hates averything except his lovely telavision presenter. I thought the jokes encouraged bad manners, but at least they were funnier than Mission's. We might as well have had *Smart Alec.*

Smart Alec, by Scott Cherry, was Radio 4's 30-minute play on Tuesday, directed by Peter Kavanagh. (This is often an enjoyable slot). It tells how Alec is born into a working-class home with built-in patrician urges. When his dad Tom says "Eat your chips!" he replies "This cooking, it'e so unimaginative. What's wrong with *civet de lièvre*, a tender young hare shot in the early light of a Pyrenean dawn?" Alec makes a fortune almost before his voice has broken (when he turns from Susan Sheridan into Simon Russell Beale), but Tom won't take a penny from a posh yuppie like this. He falls ill, however, and Alec provides costly treatment, besides redecorating his house while he's away; so naturally Tom stabs Alec with the expensive new carving-knife he has just been given.

This is no more unlikely than the *Benjamin Black* story, and though the violence is more extreme, there is not much. (Benjamin is always throwing his toys against the wall.) Its moral, diffidence in the conflict of opposed codes, is the same as we draw from Benjamin's attitude towards the guests at his trendy mother's party. I couldn't find a moral in *Mission Investigates*, bnt BBC publicity dednces an enjoyable way to learn something new.

B.A. Young

ARTS

Mimimalist grows up

IF THE sell-out signs posted at the Queen Elizabeth Hll on Thursday were an accurate indicator, Michael Nyman has gained the kind of status of which most of his British contemporaries can only dream. He is a composer who has triumphantly "crossed-over", and managed to tap into an audience for whom conventional divisions between "serious" and "popular" musics no longer apply, like Philip Glass and Steve Reich.

That he too is a minimalist, whose music has gradually gained in large-scale scope perhaps suggests that minimalism is still the one area in which snch cross-overs can thrive; but Nyman, one suspects, is a composer who welcomes the commercial success while still wanting his music to be treated seriously.

Certainly his three string quartets, which made up the Balanescu Quartst's programme on Thursday, demand to be taken seriously. They show just how far his music has travelled in the last decade, away from the bright miniatures that played around with classical tags and pop riffs, towards large-scale structures that are strictly geared and proportioned. The surface of Nyman's music is smoother oow. The phrase structure, voicing and use of dynamics are conventional and oftsn wouldn't seem out of place in a string quartet written in 1891; it's only the continuity of the music, how the argument progresses, that reveals a late 20th-century sense of relating musical objects.

The quartets are all recent works, composed between 1985 and 1989. They have very different musical starting points: the First, dedicated to the msmory of Thurston Dart, combines a chromatic figure from Schoenberg with a set of keyboard variations by John Bull, the Sscond fuses the rhythmic pattern of Indian Karnartic dance with what Nyman calls a "doggedly European sensibility"; for the Third he took one of his existing choral works and superimposed on it fragments of Rumanian folk music. The quartets grow in concentration: while the First seems dislocated, the six short movements of the Second create a convincing sequence, and the Third especially seems a considerabls achisvement, using its Rumanian shards to create a sustained, and beautiful meditation.

But none of this explains why the music has become so popular. Nyman's musical packaging and the Balanescu's nimble, amplified performances play down the conventional chamber-music associations, yet it would be easy enough to pass the whole phenomenon off as clever promotion, were the music not, intermittently, quite so convincing. The Balanescn Quartet is repeating the programme in the QEH on June 11.

Andrew Clements

Virtuoso violinist

THE WIGMORE Hall foyer was crowded on Thursday: all I knew about Maxim Vengerov, a young Siberian, was that be won the Carl Flesch International Violin Competition here last year and emigrated to Tel Aviv.

He turns out to be one of those rare, dismaying creatures who was apparently born to play his instrument with complete and effortless mastery, with luminous character, and without any un-musical idea ever entering his head. He began with Bach's great solo Chaconne from the D minor Partita, and was instantly astonishing. Huge breadth and depth of tone, magisterial bowing, flawless triple- and quadruple-stopping; also a confident grasp of the whole musical structure, and a matching instinct for its inexorable rhythmic periodsand the courage to find pungent colours in the variations.

That resplendent performance was followed by a fascinating but unbalanced one, of the C minor Sonata from Beethoven's opus 30. Alexander Markovich, Vengerov's current partner, is a pianist of parts, but he never took the measure of tha Wigmore acoustic. In Beethoven he was thoughtful but reticent, as if exercising an accompanist's tact – not what's needed for this dramatic sonata. Hs must have been told, for after the interval he was obtrusively loud, crashing into the Allegro vivace of Mendelssohn's Sonata in F in a way that would have made the composer shudder.

But Vengerov's buoyant grace and sweetness in that sonata were impeccable; and with his Chaikovsky group he relaxed happily into seamless identification with the music. We had subtle, urgently lyrical accounts of the "Meditation" and the "Serenade Melancholiqne", and then a Valse-Scherzo of such dancing virtuosity that it compelled an ovation. Then the performers struck up Sarasate's notorious "Carmen" Fantasy.

Well: almost any *great* violinist can do great things with that shameless, infinitely resourceful confection – though nobody else can. I have never heard a young performer deliver it, nor anything like it, with such insonciant brilliance, inventive wit and gutsy robustness as Vengerov. It was a joy. Remember his name. Rumour has it he will play Prokofiev's First Concerto at the Barbican in July – the month before he turns *17 years old.*

David Murray

Regina in Glasgow

Max Loppert on the European premiere of Blitzstein's opera

IN MOUNTING the first European production of *Regina* (1949) by Marc Blitzstein (1905-64), Scottish Opera and its music director, John Mauceri, have opened British opera-going ears and eyes to one of the milestone pieces in the history of the American lyric theatre. Like Weill's *Street Scene* (another recent Mauceri-Scottish Opera rediscovery), it's a "real" opera which was first given on Broadway, and which frames its thoughts and feelings in that fertile American musical language shaped by both opera and the popular musical-theatre inheritance.

Also like *Street Scene*, it's a work of social comment all the more potently dramatic for being spoken in Blitzstein's spry musical dialect. He made *Regina* from Lillian Hellman's play *The Little Foxes*, a turn-of-the-century Southern tale of capitalistic greed (represented by the Hubbards and their sister Regina Giddens) triumphing over faded upper-class gentility (represented hy Regina's invalid husband Horace Giddens and Birdie, Oscar Hubbard's secret-drinker wife).

All cinamaphiles remember Bette Davis in the 1941 *Little Foxes* film: poised on the staircase, eyes glittering, snake-still, while below her Herbert Marshall's Horace writhes with a fatal heart attack. Blitzstein shapes his three-act structure to make that a no less stark melodramatic climax; but in fastening on the Hellman play he had as his main aim not melodrama, rather a drama of characters who embody the opera's thematic oppositions.

One of the problems at the heart of his treatment is that Hellman's dramatic machinery – essentially that of the "well-made play" – sometimes appears to resist musical expansion. This is particularly felt in the first act, which spends a long time trying to do justice to the equal but opposite concerns of narrative unfolding and the atmospheric scene-setting. A Weill-like genius for melody which simultaneously scene-sets and thrusts the drama forward would have solved the problem; bnt Blitzstein's gifts, whila profuse, were svidently not of that order.

To judge from Thursday's performance at the Theatre Royal, Glasgow, it's an uneven opera – but also, at its best, a peculiarly compelling one. Blitzstein, who started life as a Boulanger pupil devoted to strict neo-classicism, and who transformed himself into a trail-blazing American creator of theatrical *Gebrauchsmusik* (roughly during the period of his Communist Party affiliation), was a composer particularly adept at blending different musical idioms for the purposes of dramatic differentiation.

In *Regina*, jazz, spirituals and (in Act 2) the wonderfully beautiful blues duet that the maid Addie sings with Birdie stand for the heart – like Horace's, true but frail – of the Deep South; for the Hubbards, Blitzstein devises a fascinating corruption of the language into raucous Tin Pan Alley numbers, lively bnt debased; Regina's power-hungry aspirations find their voice in the "European" musical styles and manners subtly penetrated with uneasy dissonance and rhythmic syncopation. In the long stretches that show Blitzstein at full stretch, the ball-scene of Act 2 and all of Act 3, this fluency of diction lends an exhilarating freshness to the dramatic material: also irony, wit, and, most important, true "heart".

Under pressure from Hellman (unhappy with the form Blitzstein's expansion was taking), and later from the Broadway producers, the opera was cut – and, in subsequent incarnations, cut again, so that its editorial history is Handelian (or, indeed, like that of the Bernstein-Hellman *Candide*) in layers of tangled complexity. What Mauceri, aided by Tommy Krasker, bas put together here is a reconstructed "original version", with particular amplification of the jazz-band episodes.

The principle is an honorable one; it may, however, have been the lovingly expansive style of Mauceri's conducting that at times forced one to question its full wisdom. The Scottish Opera *Regina* seems now, if anything, too *distant* from Broadway: by this I mean that on Thursday it lacked theatrical snap, and that the large (too-large?) orchestra was too often allowed to cover the singers' words. There were many affecting and pleasurable sentences and paragraphs, which one relished. But it needed to get a move on, to be pulled into a theatrically coherent text.

A long way from Broadway: Susan Roberts in the Scottish Opera production

Already, thongh, the excellence of Robert Carsen's production – in the coolly beautiful designs of Michael Levine, expertly lit by Jean Kalman and choreographed by Daniel Pelzig – suggests that later performances may develop the missing intensity. Mr Carsen, whose recent Paris *Manon Lescaut* I so much disliked, is here a faultless stylist: at once a taut storyteller and a retailer of sharp, witty visual ironies.

The large Anglo-American cast-list, though not yet an integrated ensemble, is packed with observant, vocally astute character studies. The chorus is fine. The jazzmen, led by Tim Johnson, lift the spirits on each appearance. Philip Gould (Leo Hubbard), Richard Suart (Oscar Hubbard), and Victor Ledbetter (Ben Hubbard) make a brilliant trio of villains; William McCue's Horace is honest, authoritative, and vocally resonant.

But it's a women's opera, and the leading women seize their chances with main force. As the Giddens daughter Zan, Regina's only real opponent, Susan Roberts draws sharp-profiled outlines from an incompletely "fleshed" role. Theresa Merritt's Addie is gloriously ripe; Birdie – fluttery, easily wounded, flourishing coloratura in moments of despair – is one of Nan Christie's shining achievements. In the title role the American soprano Katherine Terrell may lack the vocal steel required at climaxes, but her silky tone and phrasing, unexaggerated elegance of bearing, and cool theatrical intelligence justly place her at the centre of the stage.

The Bard in Germany

ALL THE world's a stage. Subtract the original language and the Englishness, especially the wit, from Shakespeare, and you can successfully work the plays in two broad styles: as timeless legend or as a fable for contemporary times, whatever and wherever the times happen to be.

Directors across Europe have recently empbasised the extremes: Peter Brook's multicultural *Tempest* at the Bouffes du Nord in Paris is the most perfect example of the mythic; the *Hamlet*'s of Heiner Muller in East Berlin and the visiting Roumanian Bulanda Theatre in London showed how Shakespeare can seem the natural, almost homespun, drama of a foreign regime. So it is a new pleasure to find two offerings which combine both features at the Berlin Theatre Festival. Offsetting intense metaphor with joky modernity, and risking textual liberties which English versions could not dream of, Bochum Schauspiel's *Timon of Athens* and the Berlin Schaubuhne's *Winter's Tale* turn difficult late works into peppy and challenging productions.

Frank-Patrick Steckel goes back to the oldest theatrical tradition and plays *Timon*, ancient tale of the philanthropist turned misanthrope when his friends fail to repay his generosity, in masks. Outsize lords strut across a shiny copper stage in buge yellow or pink masks and matching garish robes. Bloated, shrivelled up, gnarled into bizarre papier mache shapes and expressions, the masked figures assume the roles Timon expects: flattering, grateful, hands outstretched for more.

Each of Baldo Pazzaglia's extraordinary creations defines yet restricts character. Apemantus (Wolfgang Michael) carps from within a black box, pointed nose and month cut out of a corner. Alcibiades (Stephan Ullrich) hides behind a warrior's mask. Honest Flavius has a small round head and sees everything. Timon's mask, the biggest and most askew of all, has wide staring eyes and thick lips and a head cut open and raw across the top.

It's a masterstroke for confronting the two-dimensional nature of most of this play's characters while also suggesting the parodies of mankind which, for good or evil, is the limit of Timon's tragic vision. Steckel directs with a shifting emotional lens, allowing now a close-up of pain but mostly distance and anonymity. Only Armin Robde's Flavius and Peter Roggisch as Timon show any feeling, and even this is stylised: Rohde movingly hunches up his body and lets his mask hang low to express sadness and rejection while Roggisch, vulnerable even in his vicionsnsss, droops thoughtfully like a horse, then rears up in a rage.

Steckel plays havoc with incongruous images. Timon is a Christian martyr but also a German intellectual who can't cope with his disappointment when the world doesn't go his way. References to money, giving, taking, lending, wanting, course through this play as through *The Merchant of Venice*; Steckel slices into the slow heavy-robed world of the Athenians with signs of cut-and-thrust modern business. Hangers-on clamour for cash and wave umbrellas and briefcases which are colour-toned to each mask; they sit on portable steel deckchairs while they wait and strum their fingers to Blues as Timon grinds at his despair to the background of the St Matthew Passion. And I'm happy to report that the most prominent prop is the *Financial Times*, which Hostilius (Thomas Wittman) in negro mask and slick suit peruses while the dazzled Stranger in sunglasses utters the kay words of the play: "For policy sits above conscience".

In *The Winter's Tale*, Luc Bondy instantly evokes the world of myth by a new prologue superimposed on tha play; the child Mamillius, in silver waistcoat and plus-fours, throws a red ball and recites "a sad tale for winter" to the figure of Time. In a treacherous landscape – bare stage crossed with grey-blne ramps and pits, steep inclines and shifting panels – his Leontes is the archetype not of jealous busband but of political tyrant.

Bondy is known for concentrated precision and each loving detail makes the point. Hans Christian Rudolph plays Leontes as a small dark Sicilian with a Napoleon complex who literally manipulates his advisors, tugging at their eyelids and shaping their lips into seeing and mouthing his "truths". Libgart Schwartz plays both Paulina and Time as the dissident conscience of the King, a barking moral watchdog during the 16 lost years between Leontes' assault on his wife and daughter and their return to him. And Michael Konig's fun-loving Polixenes dances to a Vienna waltz and dresses like a character from an operetta: only a madman could construe him as opponent. Back homa in Bohemia, he goes native in sheepskins and furs and keeps the Bear that ate Antigonus as a pet.

The shift from Sicilian terror to Bohemian festivity is always striking. Erich Wonder contrasts two sets, one barren, one idyllic, but more interesting are the comparisons, Polixenes' "comic" disruption of the Bohemian shepherd, son and daughter recalling Leontes' "tragic" destruction of his own family. The sparing poetry of Peter Handke's excellent translation helps; inevitably simpler language can make the structure of Shakespeare's plays clearer in a foreign production – the echo of Leontes' unjust and sensual accusation "Too hot, too hot" in his rediscovery of Hermione: "O she's warm", for example. These are the parallels that go to the heart of the play's themes: second chances, optimism tempered by regret, time's healing powers.

Bondy compensates for the loss of native wit by dashes of disco bumour which drive home contemporary allusions. Florizel chats up Perdita over a jukebox in a dance hall. Autolycus (Ernst Stotzner) rolls up on a tricycla with an impromptu sale of fashion accessories in the saddle bag and a ghetto blaster on the handle bars, and picks pockets and wristwatches while the Bohemian youth jive to Dylan and the Beatles. Best of all is Gerd Wameling'a Clown, a high camp hysferical transvestite in ronge, lipstick and baggy fur trousers which he smoothes down erotically, with hands or special brush, every few seconds. Wameling is the funniest Shakespeare clown I have seen: English companies should be begging his services.

Jackie Wullschlager

Chess No 873:
1 g5! dxc4 2 Qxf6+ Kh7 3 Nf5!(threat 4 Qg7 mate) Rg8(if exf5 4 Qxb6) 4 Rxd7 with the decisive threat Q or Rxf7+ and mate. Black resigned after 2 Qxf6+.

Jitter bug

HERE, LIFTED fresh from the past, is the British premiere of a Cole Porter musical at the Arts Theatre, Cambridge only 53 years after its first appearance on Broadway. The original 1938 show turned Mary Martin into a star, was critically acclaimed, ran for 307 performances, and then made an extensive tour. So why didn't it reach Britain before?

Leave It To Me is a farce, and its plot is like *Ninotchka* in reverse. Alonzo P. Goodhue, a henpecked hick from Texas, finds himself the American ambassador in Moscow. He doesn't want to be. Buck Thomas, a reporter from Chicago with too many girlfriends, finds himself also posted to Moscow, also reluctantly. The two men collude to get themselves recalled. Their attempts keep misfiring, and the second half opens with Goodhue being publicly honoured by Joe Stalin.

The show's real fun, however, is not in its plot but in its music. Who cares if the Americans fail with diplomacy in Russia as long as they bring jazz, swing, the jitterbug? "Taking the Steps to Russia," an exuberant ensemble set at the Paris railway station, is the key song, and perfectly presented here. A whole stageful of characters jitterbugs away before boarding the train, with an especially adorable close-harmony verse taken by three chorines.

Congratulations, then, to the director Abigail Morris for retrieving *Leave It To Me* from neglect. But why has she updated the action to 1952, when the jazz era had dwindled past its missionary period and when American-Soviet relations were no laughing matter? The largely undergraduate cast really can swing, but there's a raunchiness around that's wrong. Everyone is energetic, but only one player – Suzi Pattison as Colette – is relaxed, and she isn't elegant. To catch the casualness of American style, you need to be all three things at once.

Still, in our rock age it's remarkable to find any cast with this degree of jazz sense. If these performers had even more of it, the whole show would be a whizz. As it is, several numbers hang fire. Some of the more intimate dialogue is rapped out in an unvarying tempo, too, as if noone meant all this talk of love. love like a serious emotion

Pattison gives a sure, personal, touching account of "Get Out of Town," that slow, soft plaint of heartache; and it's good to see "My Heart Belongs to Daddy" in this context – sung by the dumb blonde Dolly, backed up by the English, French and Italian ambassadors. The American ambassador's "I Want To Go Home" scores the biggest hit. It's given by the experienced Calum McPherson – who looks like Lyndon Johnson and behaves like Goofy. His wrists and head are too busy, but he still makes Ambassador Goodhue into an amiably shambling cartoon buffoon.

TELEVISION

SATURDAY

BBC1

6.45 Open University. 7.30 Pinocchio. 7.50 Kissyfur. 8.15 The 8.15 From Manchester. 10.55 Film: Flight Of The Dragons. Animated adventure film. It is a time between the waning Age of Magic and the dawning Age of Science. A century when wizards rule the earth and dragons rule the skies. An era when one man is brought back from the 20th century to help a group of wizards recapture the Red Crown that empowers the evil Ommadon.

12.27 Weather.
12.30 Cup Final Grandstand: Nottingham Forest V Tottenham Hotspur. 12.35 Team News. 12.45 The Road to Hampden. 1.00 News. 1.05 The Road to Wembley. 1.55 Teams Arrival. 2.15 Cup Miscellany. 2.40 Abide With Me. 3.00 Cup Final. Commentary is from John Motson who is joined by Trevor Brooking.
5.10 The Pink Panther Show.
5.30 News And Weather.
5.40 Regional News.
5.45 The Flying Doctors.
6.30 That's Showbusiness. Gloria Hunniford and Kenny Everett are joined by Wendy Richard, Barbara Windsor, Bryan Murray and Barry Cryer.
7.00 You Gotta Be Jokin'.
7.30 Columbo: How To Dial Murder. A noted psychologist and mind control expert uses his skills to commit a bizarre murder. But why did the victim's two Dobermans attack someone they knew? Lt Columbo intends to find out.
8.40 One Foot In The Grave. Richard Wilson stars as Victor Meldrew who refuses to accept that he is now retired. With Annette Crosbie
9.10 News And Sport; Weather.
9.30 Casualty. Penalty. It's a big day for Holby City in the cup. A day too for Megan as she buries a loved one. Starring Brenda Fricker.
10.20 Match Of The Day: The Road To Wembley. Highlights of the FA Cup Final between Nottingham Forest and Tottenham Hotspur. Desmond Lynam, John Motson and Trevor Brooking describe the action on domestic football's biggest day.
11.20 Film: Cat's Eye (1985). Stephen King trilogy of semi-horror stories about cats, including the tale of the monster behind the skirting board; the gangster with a macabre sense of humour and the deadly anti-smoking company. Drew Barrymore heads the cast.
12.50 Weather.
12.55 Close.

BBC2

6.50 Open University. 2.45 Mahabharat.

3.25 Northern Lights. George Cunningham took up painting as a hobby at the age of 48.
3.35 Film: A Passage To India (1984). David Lean's adaptation of EM Forster's novel, set in India in the late Twenties. Adela Quested arrives in the country to visit her fiance, magistrate Ronny Heaslop, but her happiness turns to terror during a visit to the fabulous Marabar Caves. The star cast includes Victor Banerjee, Peggy Ashcroft, James Fox and Nigel Havers.
6.15 Late Again.
7.00 News And Sport; Weather.
7.15 How Wars Begin. The late AJP Taylor ponders the future of warfare in the nuclear age. Last in series.
7.50 Dance Makers. New series. Heaven Ablaze In His Breast. Based on E.T.A Hoffman's gothic horror story The Sandman, choreographer Ian Spink and composer Judith Weir present this work which is part dance and part opera.
9.10 The Comic Strip Presents – South Atlantic Raiders. Part two. The South Atlantic Raiders steal a jumbo jet full of passengers and land in the Falklands. They find that not only is their leader in love with the wrong woman but they are all in a lot of trouble. Starring Dawn French, Jennifer Saunders and Nigel Planer.
9.45 The Wolvis Family. Dr Wilcockson tries to show the Wolvises that, despite appearances, there are corresponding patterns in the life and history of their family.
10.15 Video Diaries. Off the Rails. Stephen Hawthorne's parents discovered he was a homosexual two years ago. Rather than face them he left home. In his absorbing and humorous diary he tries to open a dialogue with his parents.
11.15 Twin Peaks. A grieving Truman seeks solace in a bottle and Cooper gets disturbing news from the Log Lady.
12.00 Film: D.O.A (1950). When a man discovers he has been given slow-acting poison he tries to find out who is responsible and what their motive is. Suspense thriller starring Edmond O'Brien and Beverly Campbell.
1.25 Close.

ITV

5.30 ITN Morning News. 6.00 TV Am. 9.25 Ghost Train. 11.00 The ITV Chart Show. 12.00 ITN News; Weather. 12.05 LWT News; Weather. 12.15 Film: Disney's In Search Of The Castaways (1962).

2.10 Film: Disney's The Happiest Millionaire (1967). Tommy Steele stars as an Irish immigrant who arrives at the Philadelphia home of an eccentric millionaire looking for work as a butler. Also starring Fred MacMurray and Greer Garson.
5.00 ITN News; Weather.
5.05 LWT News; Weather.
5.15 MacGyver. A woman discovers her life is in danger when she threatens to expose her husband's underground crime ring of ex-cops. MacGyver sets out to save her and the child she is carrying.
6.10 Wayne Dobson: A Kind Of Magic. Wayne performs a spectacular underwater illusion in Malta, and Ringo becomes a ventriloquist with the help of Frank Bruno.
6.40 Bob's Your Uncle.
7.25 Agatha Christie's Poirot. The Adventures of the Clapham Cook. It is well known that Poirot accepts only cases of national importance, but Ernestine Todd has a certain charm, and Poirot is intrigued to discover what is in her cook's trunk.
8.25 Duty Free.
8.55 ITN News And Sport; Weather.
9.10 LWT Weather.
9.15 Film: BL Stryker: Auntie Sue (1989) starring Burt Reynolds, Ossie Davis and Maureen Stapleton.
11.05 Metro. Ian Dury hosts LWT's new arts and entertainment show. Live in the studio is all-black American rock group Living Colour
11.40 Film: The Crater Lake Monster (1977). A prehistoric monster is woken from hibernation after a freak meteor shower hits Crater Lake. Starring Glenn Robert, Mark Siegel and Kacey Cobb; ITN News Headlines.
1.15 Up The Junction.
2.00 Night Heat. Friends. O'Brien and Gambone are asked to help when a joyride turns into a deathride. Two young boys discover the van they have stolen is carrying automatic weapons; ITN News Headlines.
2.55 American College Football. Princeton v Dartmouth.
3.55 The Hit Man And Her.

CHANNEL4

5.20 4-Tel On View. 6.00 Early Morning. 9.25 Sing And Swing. 9.30 Listening Eye. 10.00 Images. 10.30 Wagon Train. 11.30 World League Of American Football.

12.30 The Munsters.
1.00 Film: Hollywood Party (1934). Jimmy Durante and Laurel and Hardy star in this musical comedy built around a gala party. Also starring the Three Stooges, Lupe Velez and Polly Moran.
2.20 Film: Fancy Pants (1950). Amusing remake of Ruggles of Red Gap starring Bob Hope, Lucille Ball and Bruce Cabot.
4.05 Equinox. Fifty years ago the Spitfire became a legend. This documentary examines whether it was the production of the machine or the elite pilots who won the Battle of Britain.
5.05 Brookside. Omnibus edition.
6.30 Right To Reply.
7.00 Sound Stuff. Echoes of America. The banjo has been the musical companion for generations of immigrants, lending itself freely to all their songs, but what is most surprising is that all of the music is still alive.
8.00 Adventures: Land Of The Crocodile. Val Plumwood revisits the remote Kakadu National Park where, nine months before, on a solo canoeing trip, she was attacked by a crocodile and left with horrific injuries.
9.00 thirtysomething. Melissa gets a once-in-a-career opportunity to photograph a famous author, but her attention is distracted when her mother has an accident. Should she continue with the assignment or give it up in order to fulfil her family responsibilities?
9.55 Film: Satyajit Ray: Aparajito (1957). Moving story of a bereaved family, whose mother struggles to ensure that the family survive during desperate times. The film also chronicles the dreams of son Apu, who, with his mother's help, wants to go to college in Calcutta.
11.55 On The Other Hand. Two days before the Indian general election, religious conflict is widespread in many states throughout India. How far should religion and politics overlap?
1.10 Australian Rules Football.
2.10 Close.

REGIONS

IBA REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA
12:05 Anglia News. 5:05 Anglia News, Sport. 5:15 A Tribute To Jim Henson. 5:19 Anglia. 11:00 Film: The Best Little Whorehouse In Texas.

BORDER
12:05 Border News. 5:05 Border News/Border Birthdays. 5:15 The A-Team. 11:05 Film: Every Which Way But Loose/ITN News Headlines.

CENTRAL
12:05 Central News, Followed By. 5:05 Central News, Followed By. 5:15 The A-Team. 11:05 Cinemattractions. 11:35 Film: Desperado: Avalanche At Devil's Ridge.

CHANNEL
12:05 Diary Dates. 5:05 Channel News. 5:15 The A-Team. 11:05 Film: Green Ice.

GRAMPIAN
12:05 Grampian Headlines, Followed By. 5:05 Grampian Headlines. 5:10 Criomagan. 5:15 The A-Team. 11:05 Film: Every Which Way But Loose/ITN News Headlines.

GRANADA
12:05 Granada News. 5:05 Granada News. 5:15 The A-Team. 11:05 Film: Every Which Way But Loose/ITN News Headlines.

HTV WEST
12:05 HTV News. 5:10 HTV News. 5:18 The A-Team. 11:05 Witness To Survival. 11:35 Out Of Limits.

SCOTTISH
12:05 Scotland Today. 5:05 Scotland Today. 5:15 The A-Team. 5:10 Scottish. 11:05 Sins

TSW
11:00 Tongue And Groove Special. 11:30 The South West Week. 12:05 TSW News. 5:05 TSW News And Sport. 5:10 Macgyver. 11:05 Film: Not Quite Jerusalem/ITN News Headlines.

TVS
12:05 TVS News. 5:05 TVS News. 5:15 The A-Team. 11:05 Film: Green Ice.

TYNE TEES
12:05 Regional News. 5:05 Northern Life. 5:10 The A-Team. 11:05 Film: Every Which Way But Loose/ITN News Headlines.

ULSTER
12:05 Ulster News, Followed By. 5:05 Ulster Newstime, Followed By. 5:15 Magnum. 11:05 Film: Every Which Way But Loose/ITN News Headlines.

YORKSHIRE
12:05 Calendar News. 5:05 Calendar News. 5:15 The A-Team. 11:05 Film: Every Which Way But Loose.

S4C Wales as Channel 4 except:

9:25 Slot Sadwrn. 11:30 Dig. 12:00 Jonathan Ross. 12:30 Sumo. 1:00 World League Of American Football. 2:00 Look At Britain The Saturday Men. 2:30 Cwpan FA: Nottingham Forest v Tottenham Hotspur. 6:30 The Wonder Years. 7:00 Newyddion. 7:10 Film: Dyddiadur Dyn Dwad. 8:40 Cynhadledd Plaid Lafur Cymru. 8:50 Short Stories. 9:20 Film: We Think The World Of You. 11:05 Manhattan Cable.

SUNDAY

BBC1

6.45 Open University. 8.50 Interval. 8.55 Playdays. 9.15 Discovering Portuguese. 9.40 Step Up to Wordpower.

10.05 A Way with Numbers
10.30 Bazaar.
10.55 Sign Extra.
11.20 Country File.
11.45 Who Cares?: Live from the Royal Albert Hall. Graham Young joins thousands of young people from the Methodist Association of Youth Clubs in an act of worship which comes live from the Royal Albert Hall.
12.45 Holiday Outings. Kathy Taylor visits Florida's Disneyworld.
12.55 Weather for the Week Ahead.
1.00 News ; On the Record. Jonathan Dimbleby talks to Labour Treasury expert Margaret Beckett about the problems facing Labour's bid to oust the Tories in the next general election.
2.00 EastEnders.
3.00 Dallas.
3.45 Film: Butch Cassidy and the Sundance Kid (1969). Classic Western adventure starring Paul Newman and Robert Redford with Katherine Ross.
5.30 The Flintstones.
5.55 Masterchef.
6.25 News and Weather.
6.40 Songs of Praise. Live from the Royal Albert Hall. Thousands of young Christians from the Methodist Association of Youth Clubs join in a celebration, presented by Pam Rhodes. Hymns include Shine Jesus Shine, You are the King of Glory and We Really Want to Thank You Lord.
7.15 Butterflies. Wendy Craig and Geoffrey Palmer star.
7.45 All Creatures Great and Small.
8.35 Tonight at 8.30. Ways and Means. Joan Collins and Harold Innocent star in this comedy playlet by Noel Coward.
9.05 News ; Weather.
9.20 That's Life!
10.00 Mastermind.
10.30 Everyman. The Prisoners of Burrel. Featuring a full length film, the first in 40 years, which explores the truth of what happened in Albania during the years of silence and how people found the strength to endure appalling inhumanity.
11:20 Walk the Talk.
11:45 Mahabharat.
12:25 Weather.
12:30 Close.

BBC2

6.35 Open University. 12.00 Around Westminster. 12.30 pm Scrutiny. 1.00 Open University: Materials In Action. 1.25 Sunday Grandstand

1.25 Sunday Grandstand introduced by Helen Rollason. 1.30 Motorcycling: The ACU Shell Supercup British Championship from Donington. 1.50 Football: Cup fever continues as the victorious fans take to the streets. 2.10 Motorcycling. 2.40 Football. 2.55 Motorcycling. 3.20 Gymnastics: From the NEC Birmingham, The Daily Mirror Champions All International. 4.20 Motorcycling. 4.55 Gymnastics. 5.30 Motorcycling. 6.10 Cricket: A look at the career of the West Indies Captain Viv Richards.
6.35 The Money Programme.
7.15 Great Journeys.
8.15 Relative Values. New series. The Colour of Money. Exploring the network of forces which gives value to art and the art market, in which connoisseurs have been replaced by business managers and old money has been taken over by commercialism. The first programme follows the auction of a major Picasso painting and the marketing games played by auction houses to drive prices skyward.
9.05 Tinker, Tailor, Soldier, Spy. Alec Guinness and Michael Jeyston star in this adaptation of John Le Carre's novel.
9.50 Film: The Beguiled (1971). In the last days of the American Civil War a wounded Union soldier seeks refuge in a Southern girls school. At first it seems a safe haven but it becomes a cauldron of jealousy and hatred. Starring Clint Eastwood.
11.35 Film: Voices of Sarafina (1989). Looking at the spectacular black musical – a dramatisation of the bloody uprising of 1976, which was premiered at the Market Theatre, Johannesburg in 1987 and later transferred to Broadway where it was an immediate smash hit. It is now enjoying a successful run at London's Hackney Empire. This documentary intersperses excerpts from the New York production with the stark comments of the young South African cast about their troubled homeland. Starring Miriam Makeba and Mbongeni Ngema.
1.00 Close.

ITV

6.00 TV-am 9.25 The Leftovers - Part Two. 10.20 The Littlest Hobo. 10.45 Link. 11.00 Morning Worship. 12.00 Visions. 12.30 pm LWT News Weekend.

1.00 ITN News ; Weather.
1.10 International Rugby Union. The Rugby World Cup finals are just months away. As part of the build-up, Scotland travel to Hartford, Connecticut, to face the USA in the first of the pre-finals tour matches.
2.10 Charlie's Angels.
3.00 Film: Houseboat (1958). Comedy about widower Cary Grant and his three children, who set up life on a houseboat with newly-acquired maid, Sophia Loren.
5.50 The London Match. Barclays League Play-off Special. Highlights of one of today's Second Division promotion play-off matches.
6.00 Bullseye.
6.30 ITN News ; Weather.
6.35 LWT News and Weather.
6.40 Appeal.
6.45 People Get Ready. American gospel star Thomas Whitfield joins presenter John Francis and his Inspirational Choir in the last programme of the series. Jubilant Voices, a contemporary Gospel group from Watford, make their first television appearance while Marjorie Francis sings the Lord's Prayer.
7.15 Watching Special.
8.15 The Help Squad. Michael Parkinson is joined by a panel of people who promise to solve viewers' problems. From the messy to the mad, and from the bureaucratic to the bizarre, the Help Squad will resolve all kinds of problems, puzzles and peeves.
8.45 ITN News ; Weather.
9.00 LWT Weather.
9.05 Jeeves and Wooster.
10.05 Spitting Image.
10.35 Singles.
11.05 The Shape of the World. Empire! traces the history of the Great Trigonometrical Survey of India, examining the crucial role it played in the British colonisation of the country, and investigating how they reached their final goal – to measure the world's highest mountain, Mount Everest.
12.10 The ITV Chart Show.
1.05 New Music.
2.05 Derrick.
3.15 Pick of the Week.
3.45 Portrait of America.
4.35 Adventure.

CHANNEL4

6.00 Early Morning. 9.25 Malgudi Days.(English subtitles). 10.00 A Week In Politics - Second Reading 10.45 Dennis. 11.00 Beat That. 11.30 The Lone Ranger. 12.00 The Waltons.

1.00 Voyage to the Bottom of the Sea.
2.00 Film: Samson and Delilah (1949). Hedy Lamarr, Victor Mature and Angela Lansbury star.
4.25 Pursuit of Power. New series. The programme where politicians are given the opportunity to talk about what motivates them, how they reconcile their beliefs and convictions with the pursuit of power, and how ambition and frustration contribute to the shape of their political lives. Neil Kinnock talks to Adam Raphael about his personal beliefs and values.
4.55 News Summary and Weather.
5.00 Land of Europe. A farmer living in the north east of France decides to sell the house and land that his family have held for generations to a Dutch family. This perceptive documentary is a study of the process and the psychological conflicts involved in the transaction.
6.00 Kabaddi. Services play the hottest team from the South, Tamil Nadu. Also highlights of Punjab v Karnataka, plus a look at the Mahabharata set 3000 years ago when some say Kabaddi was born.
6.30 The Wonder Years.
7.00 Fragile Earth. British companies have exceeded European safety limits for their toxic discharges into the Irish Sea. Now the country is paying for it. Liverpool anglers who take eels from the River Mersey face official warnings about the levels of mercury in their catch.
8.00 Hard News.
8.30 Blue Remembered Hills. One of Dennis Potter's most popular and original works.
9.55 Lip Synch: Next.
10.05 Film: Smack and Thistle (1989). A black Eastender living on the seamy side of London's underworld decides to go straight. One last break-in delays him, for when he enters the house he finds the wealthy Elizabeth, who is pretty, privileged and a junkie.
11.50 True Stories: Sid's Children. Another chance to see Nick Gifford's third film about West Indian-born Sid Williams and his family in Bristol.
1.20 Close.

REGIONS

IBA Regions as London except at the following times:-

ANGLIA:
12.30 Farming Diary. 12.55 Anglia News. 2.05 Members Only. 2.30 The River Thames. 3.00 Hans Christian Andersen. 5.05 Bobby Robson PSV. 6.00 The Village Show.

BORDER:
12.30 Gardening Time. 12.55 Border News and Weather. 2.05 The Biggest Bank Robbery. 4.10 Highway to Heaven. 6.00 The Munro Show.

CENTRAL:
12.30 Gardening Time. 12.55 Central News 1.15 International Rugby Union. 2.05 The Glory Guys. 4.10 Tribute to Jim Henson. 5.05 Hard Time on Planet Earth. 6.00 The Munsters Today. 6.35 Central News

CHANNEL:
12.30 Reflections. 12.35 Les Francais Chez Vous. 12.50 Tele-Jornal. 2.05 Horse Trials. 3.05 The Match. 5.05 Tribute to Jim Henson; The Muppets at Disney World. 6.00 Tell the Truth. 6.35 Channel News.

GRAMPIAN:
10.45 Interbang. 11.15 The Intruders. 11.45 Link. 12.30 Jack Thompson Down Under. 12.55 Grampian Headlines. 2.05 Scottish Junior Cup Final. 4.30 Matlock. 5.30 Elkon. 6.00 Green Fingers. 6.35 Grampian Headlines and Weather.

GRANADA:
12.30 Flying Start Special. 12.55 Granada News Headlines. 2.05 Santa Barbara. 2.55 The Merry Musketeers. 4.10 Tribute to Jim Henson. 5.05 Bullseye. 5.35 Coronation Street. 6.35 Granada News. 7.15 Murder She Wrote. 10.35 The Shape of the World. 11.35 Singles.

HTV:
12.30 West Country Farming. 12.55 HTV News. 1.10 Donald Loves Daisy, Mickey Loves Minnie. 2.00 People on Sunday. 2.30 HTV Newsweek. 3.00 International Rugby Union. 5.05 Highway to Heaven. 6.00 The River Thames.

HTV Wales as HTV except:
12.30 Survival - The First Thirty Years. 2.00 West Country Farming. 2.30 Wales on Sunday.

SCOTTISH:
10.45 Glen Michael's Cartoon Cavalcade. 11.15 Link. 11.30 Revelations - Anthony Hopkins. 12.30 Elkon. 12.55 Scotland Today. 2.05 Scottish Junior Cup Final. 4.30 Taxi. 5.00 Talking Pictures. 5.30 Bullseye. 9.00 Reid About Scots.

TSW:
12.30 TSW Farming Week. 12.55 TSW News and Weather. 2.05 Coronation Street. 3.00 Hard Time on Planet Earth. 3.55 Cartoon Time 4.10 A Tribute to Jim Henson: The Muppets at Disney World. 5.05 The Munsters Today. 5.30 The TSW Documentary. 6.00 Coach. 6.35 TSW News.

TVS:
12.30 TVS News. 12.33 Agenda. 2.05 Horse Trials. 3.05 The Match. 5.05 Tribute to Jim Henson. 6.00 Tell the Truth. 6.35 TVS News.

TYNE TEES:
12.25 The Pinturi. 3.05 The Man from Down Under. 5.05 Bullseye. 5.35 Coronation Street.

ULSTER:
12.30 Gardening Time. 12.55 Ulster Newstime 2.05 The Ulster Doc. 3.05 Murder She Wrote: Death Takes a Curtain Call. 5.05 Bullseye. 5.05 Coronation Street. 6.35 Ulster Newstime. 8.55 Ulster Sports Results.

YORKSHIRE:
12.25 Heidi. 12.50 Calendar News and Weather. 1.10 The Wonderful World of Disney. 2.10 Rugby Union. 3.05 Operation Pacific. 5.05 Brand New Life. 6.00 Coming of Age.

RADIO

SATURDAY

BBC RADIO 2
7:45 Dear Radio 2. 8:05 Ronnie Hilton. 9:00 Brian Matthew. 10:00 Anne Robinson. 12:00 Gerald Harper. 1:30 Someone And The Grumbleweeds. 2:00 Encore. 3:00 Country Greats In Concert. 4:00 The John Dunn Interview. 4:30 Music While You Work. 5:00 Cinema 2. 6:30 The Law Game. 6:00 Things Are Swinging. 7:00 Pop Score. 7:30 A Triple Celebration. 8:30 Easy Does It. 10:00 The Arts Programme. 12:05 It's A Funny Business. 12:30 Night Ride. 3:00 A Little Night Music. 4:00 David Allan.

BBC RADIO 3
6:55 Weather And News Headlines.
7:00 Morning Concert.
8:30 News.
8:35 O Sweet Woods.
9:30 Saturday Review.
12:55 Words.
1:00 News.
1:05 BBC Lunchtime Concert.
2:05 Mozart And Brahms.
3:30 Clarinet And Piano.
4:00 Tuning Up.
5:00 Jazz Record Requests.
5:45 Third Opinion.
6:30 Fantasy Or Sonata?.
7:05 Regina (Live).
10:20 Issues:
10:45 Brighton Festival 1991.
12:00 News.
12:05 Close.

BBC RADIO 4
6:00 News; Weather.
6:10 Farming Week.
6:50 Prayer For The Day.
7:00 Today.
9:00 News.
9:05 Sport On 4.
9:30 Breakaway.
10:00 Loose Ends.
11:00 The Week In Westminster.
11:30 From Our Own Correspondent.
12:00 Money Box.
12:25 The Marx Brothers' Flywheel, Shyster And Flywheel.
12:55 Weather.
1:00 News.
1:15 Any Questions?.
2:00 Any Answers?.
2:30 Saturday Playhouse: By Royal Appointment.
4:00 The Living World.
4:30 Science Now.
5:00 Work Talk.
5:25 Week Ending.
5:55 Weather.
6:00 News; Sports Round-Up.
6:25 Citizens.
7:10 Stop The Week.
7:45 Classic Serial: Goodbye Mr Chips.
8:45 Kaleidoscope.
9:15 Music In Mind.
9:50 Ten To Ten.
9:59 Weather.
10:00 News.
10:15 Sweet Rockall.
10:45 For He Is An Englishman.
11:00 Richard Baker Compares Notes.
11:30 The Miles And Millner Show.
12:00 News.
12:20 Weather; Interlude.
12:33 Shipping Forecast.
12:44 Close.

BBC RADIO 5
9:00 World News And 24 Hours.
8:30 Morning Edition.
9:00 Sport.
9:02 On Your Marks.
12:00 News followed by Sport On 4 Plus 1.
12:30 Sportscall.
1:30 Sport On 5.
6:00 As Radio 4.
7:15 Cricket Scoreboard.
7:15 Talking Poetry.
7:45 As Radio 4.
10:00 Sport.
10:15 As Radio 4.
11:00 Sport.
11:15 Fanshawe On Five.
12:00 News And Sport.
12:15 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHz (463m) at the following times BST:
5:30 The World Today. 5:45 News Headlines In English And French. 5:47 British Press Review. 5:52 World Business Report. 5:57 Travel And Weather News. 6:00 Newsdesk. 5:30 Londres Matin: News In French. 6:58 Weather. 7:00 Newsdesk. 7:30 Meridian. 8:00 World News. 8:09 Twenty-Four Hours Live Followed By News Summary. 8:30 From The Weeklies. 8:45 The Havana International Guitar Festival. 9:00 World News. 9:09 Words Of Faith. 9:15 A Jolly Good Show. 10:00 World News. 10:05 Waveguide. 10:15 Worldbrief. 10:30 Personal View. 10:45 Sports Roundup. 11:00 News Summary. 11:15 Club 648. 11:30 Londres Midi: News In French. 11:45 Mittagsmagazin: News In German. 12:00 Newsdesk. 12:30 Meridian. 1:00 World News. 1:09 News About Britain. 1:15 Multitrack 3. 1:45 Sports Roundup. 2:00 Newshour. 3:00 Sportsworld: The FA Cup Final. 4:00 World News. 4:15 BBC English. 4:30 News And Features In German. 4:59 Travel News. 5:00 World And British News. 5:15 BBC English. 5:30 Londres Soir: News And Features In French. 6:14 Letter From America. 6:29 News Summary. 6:30 Heute Aktuell: News And Sport In German. 7:00 German Features. 7:54 News In German. 8:00 World News. 9:05 Write On.... 9:15 Londres Dernière: News In French. 9:30 Club 648. 9:45 From The Weeklies. 9:09 World News. 9:09 Personal View. 9:25 Words Of Faith. 9:30 Meridian. 10:00 News Hour. 11:00 World News. 11:05 Short Story: The Vegetable Garden. 11:20 Jazz For The Asking. 11:50 Sports Roundup. 12:00 World News. 12:05 Words Of Faith. 12:10 Book Choice. 12:15 A Jolly Good Show.

SUNDAY

BBC RADIO 2
6.00 Graham Knight. 7.30 Don MacLean. 5.05 Richard Baker. 11.00 All-Time Greats. 2.00 Benny Green. 3.00 Sounds Easy. 4.00 Max with Love. 4.30 Sing Something Simple. 5.00 Charlie Chester. 7.00 Radio 2 Young Musician of the Year. 7.30 BBC Concert Orchestra Showcase. 9.30. Sunday Half-Hour. 9.00 Alan Keith. 15.55 Radio 2 Arts Programme. 12.05 They're Singing Our Song. 1.00 Colin Berry with Night Ride. 3.00 A Little Night Music. 4.00 Alex Lester.

BBC RADIO 3
6.35 (FM) Open University.
6.55 Weather; News Headlines.
7.00 Morning Concert.
8.30 News.
8.35 Ayres for the Theatre.
9.15 Dennis Brain.
10.15 Music Weekly.
11.00 Boston Symphony Orchestra.
12.45 Table Talk.
1.00 News.
1.05 Your Concert Choice.
2.30 Brighton Festival 1991.
4.20 Poet of the Month.
4.30 BBC Scottish Symphony Orchestra.
5.00 Listening To.
6.00 In Festo Pentecostes.
7.00 The Sunday Play.
10.25 A Mozart Festival.
12.00 News.
12.05 Close.

BBC RADIO 4
6.00 News and Weather.
6.10 Prelude.
6.30 Morning Has Broken.
6.55 Weather.
7.00 News.
7.10 Sunday Papers.
7.15 The Living World.
7.40 Sunday.
8.50 The Week's Good Cause.
8.55 Weather.
9.00 News.
9.10 Sunday Papers.
9.15 Letter from America.
9.30 Morning Service.
10.15 The Archers.
11.15 News Stand.
11.30 Pick of the Week.
12.15 Desert Island Discs.
12.55 Weather.
1.00 The World This Weekend.
2.00 Gardeners' Question Time.
2.30 Sunday Playhouse: Strange Meeting.
4.00 Analysis.
4.47 Rich Pickings.
5.00 Down Your Way.
5.40 Unfair Sex.
5.55 Weather.
6.00 News; Sports Round-Up.
6.15 Feedback.
6.30 The Village.
7.00 The Root of the Matter.
7.30 Bookshelf.
8.00 The Scarman Report.
9.00 Treasure Islands.
9.15 The Natural History Programme.
9.59 Weather.
10.00 News.
10.15 Mr Fletcher the Poet.
11.05 In Committee.
11.30 Seeds of Faith.
12.00 News and Weather; Interlude.
12.33 Shipping Forecast.
12.44 Close.

RADIO 5
6.00 World News and 24 Hours.
6.30 Meridian.
7.00 Newsdesk.
7.30 Sunday Edition.
9.00 News and Sport.
9.04 This Family Business.
10.30 Education Matters.
11.00 News and Sport.
11.02 Festivals of Britain.
11.30 The Spirit of Seagrave.
12.00 News and Sport.
13.05 Open University.
2.00 Sunday Sport.
7.20 Open University.
9.00 Soundprint.
9.30 Dragnet.
10.00 News and Sport.
10.10 Across the Line.
12.00 News and Sport.
12.07 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times BST:
6.00 Newsdesk. 6.30 Jazz for the Asking. 7.00 World News. 7.00 Twenty Four Hours. 7.30 From Our Own Correspondent. 7.50 Write On. 8.00 World News. 8.09 Words of Faith. 8.15 Music for a While. 9.00 World News. 9.05 World Business Review. 9.15 The Learning World. 5.30 Pop Into The Movies. 9.45 Sports Roundup. 15.95 News Summary; Science in Action. 10.30 In Praise of God.
11.00 World News. 11.09 News About Britain. 11.15 Short Story. 11.30 The Ken Bruce Show. 12.00 News Summary; Play of the Week: Footballers' Wives. 1.00 Newshour. 2.00 News Summary; Mid-life: A Time of Crisis? 2.30 Anything Goes. 3.00 Newsreel. 3.15 Concert Hall. 4.00 World News. 4.09 News About Britain. 4.15 Moving the Masses.
4.45 Letter from America. 5.00 World News. 5.05 World Business Review. 5.15 In Praise of God. 5.45 Sports Roundup. 6.00 Newsdesk. 6.30 The Ken Bruce Show. 7.00 News Summary; Play of the Week: Footballers' Wives. 5.00 World News. 6.09 Folk in Britain. 8.25 Words of Faith. 5.30 Brain of Britain. 9.00 Newshour.
10.00 World News. 10.05 Music For A While. 10.50 Sports Roundup. 11.00 World News. 11.00 World Business Review. 11.15 Letter from America. 11.30 Mid-life: A Time of Crisis? 12.00 Newsdesk. 12.30 In Praise of God. 1.00 News Summary; Talking Heads.
1.05 The Havana International Guitar Festival. 2.00 Newsdesk. 2.30 Composer of the Month. 3.00 World News. 3.09 News about Britain. 3.15 Anything Goes.

BRIDGE

THAT EXCELLENT book, *The Play of the Cards* by Terence Reese and Albert Dormer has been reprinted in paperback by Robert Hale at £6.95. It deals with card play technique from elementary to advanced. Let us study Playing on an Assumption:

N
♠ 9 6 2
♥ Q 8 6 5 3 2
♦ J 3
♣ K 8

W
♠ A 10 7 3
♥ J
♦ Q 10 5 4
♣ J 10 9 2

E
♠ Q 8 5 4
♥ K 9
♦ A 9 7
♣ Q 6 4 3

S
♠ K J
♥ A 10 7 4
♦ K 8 6 2
♣ A 7 5

West deals. After three passes South opens one heart. North raises to two. South makes a trial bid of three clubs, and North jumps to four hearts.

West starts with the club knave and this is taken by dummy's king. The two of hearts is covered by the nine. The ace wins, West dropping the knave. Declarer cashes the ace of clubs, then ruffs his remaining club and returns a heart, hoping that West has the king. But East wins and leads back the four of spades.

Ask yourself: which card should South play? You cannot make the contract unless the diamond ace is onside. Therefore you must assume that East holds that card. Now for some detective work. East has produced the heart king, by inference he holds the queen of clubs and by assumption the diamond ace. In that case he cannot hold the ace of spades. Why? Because he would not have passed with 13 points. But you must place him with the queen of spades, otherwise you will lose two spade tricks. You must play the knave of spades. West takes with the ace, and returns the three to East's queen and your king. You cross to the table with a heart, and lead a diamond. East plays low, and you put up the king. If your assumption has been correct, you are home.

E P C Cotter

CHESS

HOPES OF a British world chess champion brightened this week when Nigel Short achieved the finest result of his career at the Verenigde Spaarbank international in Amsterdam. Short, 25, led the elite field of ten grandmasters from the start and divided first prize with Valery Salov of the USSR.

Short joined Salov and Valery Ivanchuk as the only players to win a tournament ahead of both Kasparov and ex-champion Anatoly Karpov. Final scores were Salov and Short 6/9, Kasparov and Karpov 5½, Korchnoi 4½, Hjartarson and Timman 4, Gurevich 3½, Ljubojevic and van der Wiel 3.

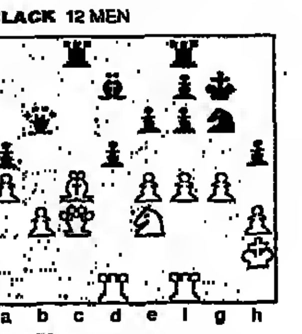
In 1988 Short was ranked world No 3 behind the super-Ks, then he fell back. He is again a credible Western challenger, whose next critical date is 11 August against Boris Gelfand of the USSR in a quarter-final eliminator for the right to challenge Kasparov's in 1993. While Short has flourished, Gelfand has been in poor form, so Short can hope to reach the semi-finals against Ivanchuk or Karpov.

What has happened to Kasparov? For a decade the champion won every tournament he played. Now he has been headed twice in a few months, and drew seven of his nine Amsterdam games in lacklustre style

The problem seems to be Kasparov's growing involvement in an appropriately chequered political career. He was vice-president of the Democratic Party of Russia, a right-wing, anti-Gorbachev, group claiming over 100,000 members. He supported it from his chess earnings and owned its newspaper. But a schism occurred and Kasparov now heads a breakaway faction with the improbable title of Liberal Conservatives and an avowedly Thatcherite ideology.

CHESS No 873

BLACK 12 MEN



WHITE 12 MEN

Short v Hjartarson, Amsterdam 1991. Black's last turn d5 aimed to free his game. If 1 exd5 hxg4 2 Nxg4 (2 bxg4 Rh8+) exd5 3 Rxd5 Bxg4 with counterplay. Short (White, to move) found a better, winning idea. How did the game end?

Solution Page XXII

Leonard Barden

CROSSWORD

No. 7,546 Set by DINMUTZ

Prizes of £15 each for the first five correct solutions opened. Solutions to be received by Wednesday May 29, marked Crossword 7,546 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday June 1.

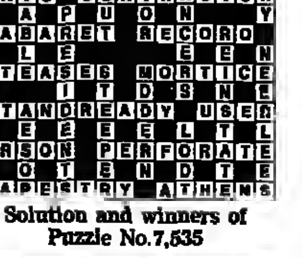
Name.................................

Address.................................

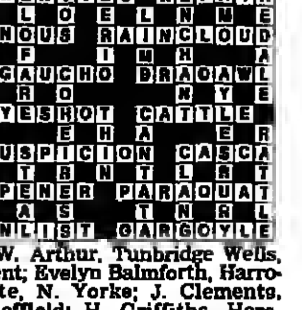
ACROSS
1 Walton's bunch of keys for the front (6)
4 French battle division (9)
8 Julius Caesar's first act has a long ending, but it is pardonable (6)
15 Bill has firm deal worked out – there's strong approval (8)
12 Othello's retirement chamber (4)
13 Pier just opened by painter (5)
14 Early engagement in which one can have a second helping (4)
17 One who raises the issue, unsupported? (6,6)
20 Strange clue to manner of classification (12)
23 Girl in same old job at hospital? (4)
24 Given some subsidy, Llandudno provides happy pastoral scene (5)
25 Brand mark (4)
28 Addressed case? (8)
29 Get into trouble with a sherry-glass (6)
30 Bird of the fall? No, winter! (5)
31 Christian's benevolence? (6)
19 Order a R.U. ref. by the month! (8)
21 Wine-vaults (5)
22 Art cuts overthrown by firm (5)
26 Try sending strikers up (4)
27 This bird is dead, with nothing to follow – you can say that again! (4)

DOWN
1 Burning, always char the outside (8)
2 Ruin study at institute (8)
3 Softwood trade (4)
5 Seismography degrees are displayed in it (7,5)
5 Top produce (4)
7 Mythical high-flier each endless air trouble, he had! (6)
9 All Black work in line-out, look! (6)
11 See a deprived sort being let down, in the main? (4-3,5)
15 Army angle? (5)
15 Home Rule is a relative term (2-3)
15 Fellow puts ointment on gathering (8)

Solution to Puzzle No.7545

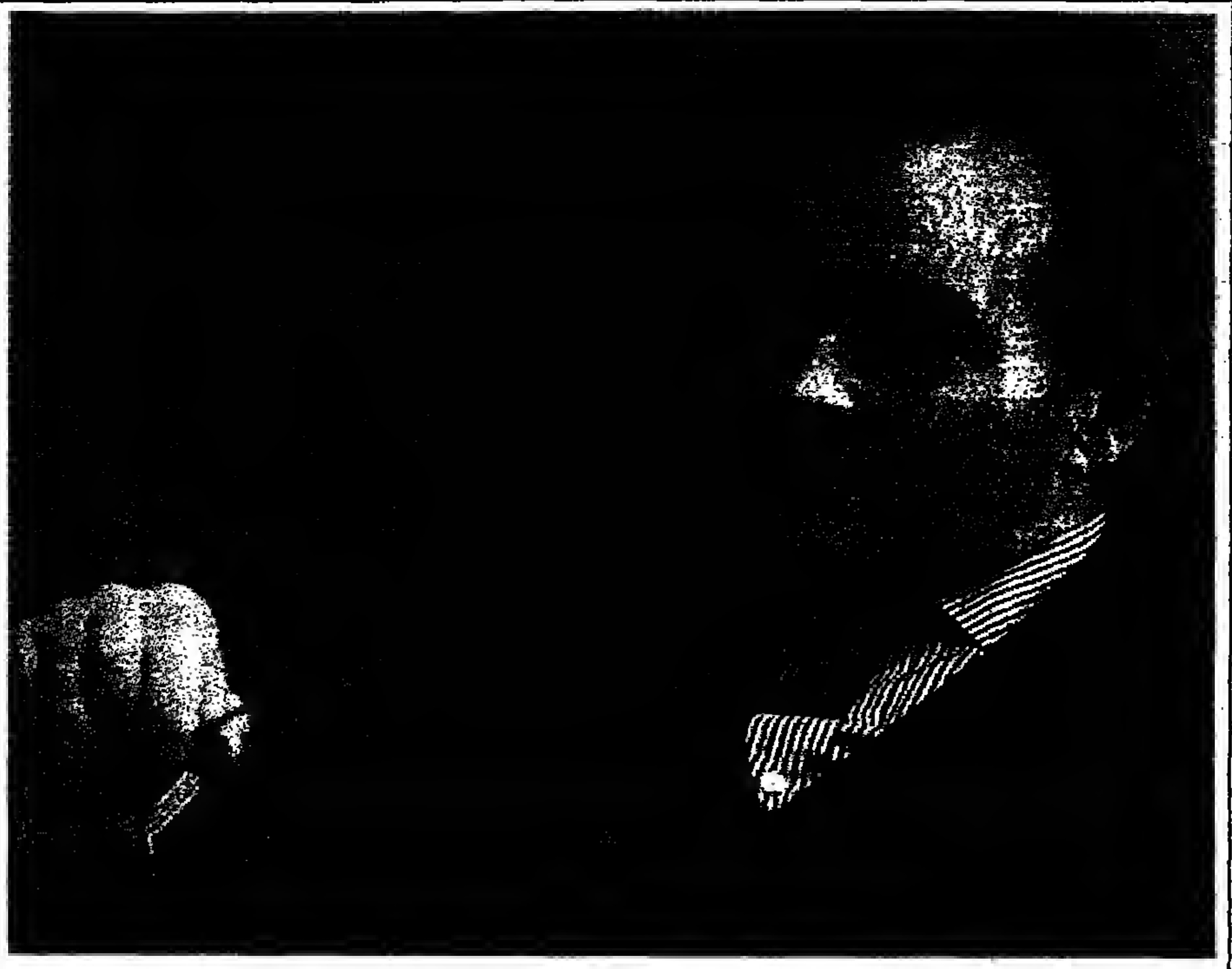


Solution and winners of Puzzle No.7,535



P.W. Arthur, Tunbridge Wells, Kent; Evelyn Balmforth, Harrogate, N. Yorks; J. Clements, Sheffield; H. Griffiths, Hereford; W.R. Mound, Maidenhead, Berkshire.

A creator, not a destroyer


Alan Harper

IN A tasteful eyrie, decorated with antique furniture, modern pictures and the aroma of white jasmine, and commanding an uninterrupted view over the roof tops of Palatial Westminster – "every day it delivers inspiration" – Lord Palumbo presides over the Arts Council.

Here he receives the worried chairmen of drama companies and the distraught managers of dance troupes. Despite all the "arts in crisis" headlines, they seldom leave without comfort: usually Lord Palumbo finds a way of extracting them from their financial difficulties. During his two years as chairman the government has given the Arts Council grants way ahead of inflation.

After a daily nine hour stint – his predecessor, Lord Rees Mogg, used to pop in a few mornings each week – Lord Palumbo is whisked away to his other office in the City where he plotted the destruction of a row of listed Victorian buildings in the City of London, including the much loved Mappin & Webb corner, to create offices designed by James Stirling – a design dismissed by Palumbo's former friend, the Prince of Wales, as "a 1930s wireless set".

Can an active businessman, who in his drive to develop the last prime site in the City has rolled over public opinion and threatened with bankruptcy the heritage organisation SAVE, be trusted with Britain's artistic health? For Lord Palumbo the question is a nonsense; he has devoted most of his life to giving London a modern architectural masterpiece.

Lord Palumbo sits quietly, immobile, a neat, polished man looking much younger than his 55 years. He speaks slowly, unemotionally, squarely, with no sign of the fanaticism which has governed his life, a fanaticism focused on two men, his father, and the architect, Mies van der Röhe.

"My father was an enormous influence. He came from the East End of London from very humble circumstances with no formal education and an odd name, but despite these handicaps in the City of London he made his way by sheer brilliance of mind".

Barely out of his 20s Palumbo père became a property developer. His first building, Regis House on London Bridge, still stands.

"His aim was to give his son the very best. After Oxford I toyed with the idea of going into art history but he said 'I want you here'." It was Palumbo senior who decided that Peter should read the commercially useful law rather than modern languages at Oxford.

Earlier, at Eton, Palumbo had fallen under the influence of Mies van der Röhe. "We had a brilliant master called Oliver Van Oss. Each Sunday morning we discussed a different artist. It might be Giotto or Mondrian. He would just chat and show us pictures. One day it was a photograph of Farnworth House designed by Mies van der Röbe. I thought I'd never seen anything quite so beautiful." He now owns it.

For over 30 years Palumbo worked quietly with his father in their private company, more concerned with collecting rents than rebuilding London. Much of his time was spent acquiring leases on just one site – the corner opposite the Mansion House, best known for the Mappin & Webb building. "We purchased our first freehold in 1958. My father taught me 'only do one thing well'. We got locked into this site. Buying 350 leaseholds, some going back 600 years, took a considerable investment in time, energy and negotiation." Palumbo was always clear how the site would be developed – with the first skyscraper in London designed by Mies van der Röhe.

"I do not think my father understood what Mies was about, but he had the confidence to back me. His attitude was 'you do what you feel is right and if you've given it a lot of thought I will support you.' He was very similar to Mies – they were born on the same day. You could take intractable problems to them both and they would say 'I don't see a problem'. They had the ability to reduce everything to simple essentials."

Palumbo knew that he had persuaded Mies to take the job when he received through the post a carved marble ashtray and some bronze door fittings from the architect. He had asked Mies to design everything in a development that would be a posthumous memorial – Mies was 75 when he agreed to the commission and the site was far from acquired. The ashtray and handles are still on Palumbo's desk.

"Mies produced a design of contrast, a very elegant, pure design which struck no poses. He was conservative with a small 'c' in his approach and work, characteristics I associate with the City of London."

But while Palumbo had concentrated on buying up the freeholds – "it taught me the virtue of patience" – the public mood, reflected in the speeches of his friend, the Prince of Wales, had turned against modern architecture. Mies's slim skyscraper at the end of a broad piazza was never to be built. The planners threw it out and after years of appeals and counter-appeals Palumbo has just succeeded in getting the alternative design, by Sir James Stirling, accepted. "Stirling was influenced by Mies. His solution is in context rather than in contrast and I think both are valid. There are many solutions to every site."

For the first time Lord Palumbo's measured charm falters. "It was my fault. I thought I knew best. I did not pay enough attention to changes in opinion and in the City. Eight buildings on the site were listed very late in life, just before the first public enquiry, by the authorities, to put a spike in the application. The Mappin and Webb buildings are pretty but not great architecture. They are commercial buildings that had a useful life, a piece of Victorian infill. I think Victorian buildings at their best are wonderful." He gestures to the Houses of Parliament. "Disraeli said that the architect of that should be hanged in public".

Antony Thorncroft meets Lord Palumbo, chairman of the Arts Council and property developer

Having obeyed his father's instructions "to do one thing well" Lord Palumbo now throws his energy into running the Arts Council. He was not the first choice and his early days were marked by an endearing nervousness in public and furious rows in private with Luke Rittner, his secretary general, who resigned.

The dispute was over devolution. Lord Palumbo, used to getting his own way in a small family business, backed the government's plan to devolve funding of the arts to Regional Arts Boards, giving the Arts Council a supervisory role. Rittner thought it was a senseless sacrifice of Council power.

"This is an impossible job. You are a hero to some, a villain to others. I was told by a senior civil servant when I took over that I would be doing well if I achieved two objectives in my time here. One is devolution; the other is getting the wealth of artistic talent in the country better known. I travel constantly and I'm amazed how fortunate we are with our artists and how undervalued they are. It's made me more optimistic. You are swept along with this tide of talent. We must get away from feeling so apologetic about the things we do. Look at France. The president decrees and it is done. Here we take 12 bites at the same cherry and do it much too late and at four times the cost".

Lord Palumbo is rich enough to play the president, at least as a patron of the arts. He commissioned Henry Moore to design an altar for the City church of St Stephen's Wallbrook. Moore's circle of Carrara marble caused a great ecclesiastical row, a dry run for the Mies controversy. It is now accepted as a masterpiece.

Lord Palumbo's latest cause is to raise £1bn to mark the approaching millennium. "I'm proposing a celebration. We have this wonderful heritage of buildings, and the arts here are marvellous, and our architects as great as anywhere in the world and by the millennium we could restore all our cathedrals and museums and opera houses, our structural heritage." He envisages individuals and companies contributing half the money; the government the other half.

So far Lord Palumbo is promoting the idea alone; the government is non-committal. "My father said 'never look ahead – do one thing at a time.' If it doesn't come I'm happy to cultivate my garden." Or rather his five gardens. Lord Palumbo owns the most impressive collection of houses of any Englishman – the Mies van der Röhe house near Chicago; a Frank Lloyd Wright design in Pennsylvania; a Le Corbusier in Paris; and a traditional home in Berkshire. There is also the Hebredean house, going ahead underground to ensure that the landscape is not spoilt. "I know it's self-indulgent having so many homes but it gives me an opportunity to garden, which I love."

All of Lord Palumbo's problems – and they are not many – derive from his wealth and the novelty of a modern art-loving outsider raised in an Italian family tradition within the conservative English Establishment. He found it difficult to adapt to the political infighting in the arts world but his sincerity and commitment have won him the approval of artists. To some, such as Sir Peter Hall, he is still a Thatcherite apparatchik; to others, like Terry Hands of the RSC, he is the man who delivered extra money to the company.

His father's protection has left him sensitive but the outward composure never cracks. He is naive, almost simple, in his enthusiasms, but as a man of power in a cynical world like the arts his innocence makes him invulnerable. The Mansion House development cost him millions, lost him friends, but confirmed his faith in single minded determination. He is not foolish enough to be unaware that a building on that key site will command astronomical rents, and that the Mies skyscraper would have done even better. "They say in New York 'Mies means money'." But the ultimate profit rarely entered his mind.

Lord Palumbo has been cheated of ultimate success; he is developing the Mansion House site, but not with the masterpiece he dreamed of; he is succeeding at the Arts Council but only by acknowledging that some causes will be lost. But he will battle on – a new aristocrat of the old school.

A tip for the hard pressed

By Dominic Lawson

DESPITE THE optimistic pre-election noises emanating from two adjoining houses in Downing Street the recession is still with us. So we must look for new ways of saving money to provide against the day when we too might be told that our invaluable services have, after all, a value which is not affordable.

Most of the obvious savings have already been made – last week Rolls Royce motors laid off 800 men, and the UK distributor of Maserati went into receivership. But it is not enough to cancel one's orders for one's RR Silver Cloud or Maserati Khamsin. More everyday items must now be examined. I think it is time to dispense with the tip.

I do not know how much money is spent on tips in Britain, but I imagine it runs into the billions of pounds every year. And not one penny of it is necessary or even desirable: if we give up this expenditure we will become immediately happier, having removed the greatest source of social insecurity afflicting urban man. How much should we tip the wine waiter? How much the hat-check girl? Or the taxi driver? We are constantly torn between the desire not to appear stingy and the desire not to appear vulgar.

But I have never understood why one should engage in this uncomfortable ritual at all. If one enters a taxi in London an immediate charge of £1 appears on the meter. If taxi drivers would also get out and open the door for one to get in, then this charge would be justified, I suppose. But they don't, so it isn't. Then, if one is in company, another charge is levied, or if one puts a suitcase in the front. What then is the tip for? If anything, the taxi driver should tip passengers who observe, out of courtesy, the increasingly evident "thank you for not smoking" sign. Does a taxi driver ever put out his cigarette when you ask?

Hat-check girls at smart restaurants are much more sympathetic than the average cabbie. But they are paid to do their not very demanding job. And I dislike their ruse of plonking several one pound coins into their plate at the beginning of their shift, so that every customer is gulled into thinking that 50p is not sufficient.

At least we men are spared the added infliction in women's lavatories in restaurants and hotels of having to leave yet another one pound coin for those who clean the loos – as if the cleaners were self-employed partisans giving some optional personal service.

We should be grateful that we are not as socially insecure as the Americans, who are so terrified of being thought mean or poor that they customarily tip 20 per cent in restaurants barely a cut above a hamburger bar.

We are lucky too – in so many ways – that we are not French. In France one is expected to tip the cinema, theatre and concert hall ushers for showing one to a seat. I remember a concert in a church in the St Germain area of Paris, where two usherettes who must have showed some 400 people to their seats could barely stand up, so weighed down were they by their tips.

Yet if you were to tip an usherette in a British concert hall or theatre, she would likely be outraged and might even fling one's coin back in one's face. Yet she is as entitled or as unentitled to gratuities as any taxi driver, hat-check girl or Savoy Hotel cloakroom attendant.

It may be thought that there is something mean and calculating in suspending all tips, unless one can prove that one is suffering greatly from the recession. And the would-be recipient of the tip might argue persuasively that if one is so hard up, what is one doing eating caviar and drinking champagne in a West End restaurant?

So I suggest that the new breed of financially secure non-tipper should travel around with a charity collecting box and in full view drop into the box whatever coins he would otherwise have handed over as a tip. In taxis one should shake the box and ask the driver to consider making his own contribution out of the fare. This advice is free.

■ *Dominic Lawson is editor of The Spectator.*

A quiet day in Eilat

Michael Thompson-Noel

I WAS IN Jerusalem last weekend. Then I went to Eilat, the Red Sea resort at Israel's southernmost tip. Why anyone in his right mind who was already in Jerusalem would forsake that golden city for gaudy and raucous Eilat is a question that the travel editor is bound to tax me with when next his stern shadow falls threateningly across the sunlit expanse of my groomed and industrious desk. But there we are.

According to the brochure-writers, we should travel lightly when we visit Eilat. "All you'll need," they say, "is sun-tan lotion, sun glasses, beachwear and sporty clothes. Bring along a camera too – you may need proof later that your Eilat vacation was more than just an incredible, action-filled dream. Another tip – set your programmable watch for the date of your return flight. Your mind may well be on other things when departure date approaches."

Pass the sick bag, I thought, as I rummaged in my shoulder bag at pool-side at King Solomon's Palace Hotel in search of sun-tan lotion, sun glasses, camera and programmable watch. True to form, my shoulder bag harboured none of those items – just my passport, my Marlboro 100's, my little cheap lighter with a picture of a titanically-endowed belly-dancer on the side of it which marks me as a post-feminist, post-modernist sort of guy, my room key, my diary, my pen, my notebook, my map, my hat, my copy of *The Joys of Yiddish*, and that day's issue of the *Jerusalem Post*.

I picked up the *Post*. I expect it is an acquired taste, the *Jerusalem Post*, although my eye was temporarily drawn to a story – "Shekel rebounds" – in the business and finance section, the last paragraph of which stated: "On the black market, dealers adopted a wait-and-see attitude, asking NIS 2.40 for $1, a rate unchanged from the previous day, after rising from Tuesday's NIS 2.32" – which must make Jerusalem one of the few places in the world where the black market currency rate is freely reported in the newspaper. (Good for them, I say).

Things were quiet at pool-side, so I turned the page. And there I encountered a story – "Jerusalem: New Mecca for Moslem tourists?" – which is presumably being studied, even now, by all the foreign ministers in all the capitals of the globe, offering, as it does, a tiny gleam of hope for a possible lessening of tension in Islamic-Jewish relations.

According to the story, a US-based company, Islamica Tours, is in the final stages of a plan to take organised groups of Moslem pilgrims, possibly hundreds of thousands, on tours of their holy sites in Israel, pre-eminent among which is Jerusalem's Temple Mount. The scheme is the brainwave of an Israeli ex-policeman, Meyer Kaplan. One of the backers is Adnan Kashoggi.

"If the idea gets off the ground," said the *Post*, "the benefits of large-scale Moslem tourism are clear. First and foremost, says Kaplan, it could be 'a major step towards improved Islamic-Jewish relations and, ultimately, toward improved Arab-Israeli relations,' by giving Moslems a chance to see the reality of Israel rather than the media image. Co-operation on a tourism venture could also lead to co-operation in other commercial ventures." Although the difficulties still facing the project are reported to be legion, it is reckoned that the first tours *could* be running by year's end.

HAWKS & HANDSAWS

It was still quiet at pool-side at the King Solomon's Palace. The sun was so fierce that I wished I hadn't misplaced my sun-tan lotion, and wondered what time it was now showing on my programmable watch – if in fact I owned one; I could not, to be sure, be sure.

The more I pondered the story of Meyer Kaplan and his brave plan to shepherd thousands of Moslem tourists around the Holy Land, the more it struck me that – succeed or fail – Kaplan deserves to be nominated for the first grand annual Hawks & Handsaws International *Chutzpa* Award, details of which will be announced later this year. I am planning something mega, with brill and triff prizes.

I dived into my shoulder bag and pulled out my Penguin copy of *The Joys of Yiddish*, Leo Rosten's marvellous and serendipitous celebration of Yiddish, Hebrew and Yinglish words, humour, stories, anecdotes, epigrams and jokes, just to make sure that Kaplan's scheme was a genuine manifestation of *chutzpa*.

The word is pronounced khoots-*pah*, to rhyme with "foot spa." You should rattle the *kh* around with fervour. Synonyms include "insolence, audacity, gall, brazen nerve, effrontery, incredible 'guts,' presumption-plus-arrogance such as no other word, in no other language, can do justice to." The classic definition of *chutzpa* is that quality enshrined in a man who, having killed his mother and father, throws himself on the mercy of the court because he is an orphan. A *chutzpanik* can be defined as a man who shouts Help! Help! while beating you up.

I read on. One of the best jokes I came across did not involve *chutzpa* but told of an American, visiting Israel, who was invited to the dedication of the Tomb of the Unknown Soldier.

Speeches were made. Finally, the tarpaulin that covered the monument was pulled aside. On the front of the simple marble plinth was engraved:

Chaim Isadore Cohn.
Born: Poland, 1903.
Died: Israel, 1955.

"I thought this was a tomb to the unknown soldier!" exclaimed the American.

"It *is*," said an Israeli.

"But how? 'Unknown?' They've inscribed his name, his birthdate, his – –"

"Ah," said the Israeli, "you don't understand. As a *tailor*, he was known; but as a soldier – *mneb!*"

As I said to my assistant, Miss Lee, this week, it's not the jokes themselves; it's how you tell them.